

HOUSING OPTIONS IN THE AFTERMATH OF HURRICANES KATRINA AND RITA

HEARING BEFORE THE SUBCOMMITTEE ON HOUSING AND COMMUNITY OPPORTUNITY OF THE COMMITTEE ON FINANCIAL SERVICES U.S. HOUSE OF REPRESENTATIVES ONE HUNDRED NINTH CONGRESS SECOND SESSION

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CONTENTS

Hearing held on:	Page
January 13, 2006	1
Appendix:	
January 13, 2006	91

WITNESSES

FRIDAY, JANUARY 13, 2006

Jefferson, Hon. William J., U.S. Representative from the State of Louisiana ...	13
Boyer, Elise, Resident (currently residing in hotel)	52
Gable, Dr. Willie, Jr., Executive Vice Chairman, National Baptist Convention, USA, Inc.	73
Gray, Darrius, President, Greater New Orleans Hotel & Lodging Association .	59
Kelly, James R., Chief Executive Officer, Catholic Charities Archdiocese of New Orleans	66
Kegel, Martha J., Executive Director, UNITY for the Homeless	67
Lewis, Muriel, National Association of Katrina Evacuees	63
Mercadel, Kevin, Neighborhood Recovery Specialist, Preservation Resource Center of New Orleans	60
Nagin, Hon. C. Ray, Mayor, City of New Orleans	16
Noel, Randy, President, Reve, Inc.	74
Perry, James, Executive Director, Greater New Orleans Fair Housing Action Center	69
Schedler, Larry G., President, Larry G. Schedler & Associates, Metairie, LA, testifying on behalf of the National Multi Housing Council/National Apartment Association	64
Stewart, Pauline, Resident (currently residing in hotel)	51
St. Julien, Mtumishi, Executive Director, Finance Authority of New Orleans ..	34
Wells, Scott, Federal Coordinating Officer for DR-1603-LA, Federal Emergency Management Agency, Department of Homeland Security	38
Williams, Charles, H., Deputy Assistant Secretary, Multifamily Housing, Department of Housing and Urban Development	36

APPENDIX

Prepared statements:	
Ney, Hon. Robert W.	92
Jefferson, Hon. William J.	93
Lee, Hon. Sheila Jackson	100
Gable, Dr. Willie, Jr.	108
Gray, Darrius	119
Kelly, James R.	122
Kegel, Martha J.	125
Lewis, Muriel	129
Mercadel, Kevin	131
Nagin, Hon. C. Ray	140
Noel, Randy	143
Perry, James	153
Schedler, Larry G.	164
Stewart, Pauline	169
St. Julien, Mtumishi	172
Wells, Scott	181

VI

	Page
ADDITIONAL MATERIAL SUBMITTED FOR THE RECORD	
Lee, Hon. Barbara:	
Louisiana Commission on HIV/AIDS and Hepatitis C, "A Call to Action" ..	191
National Policy and Advocacy Council on Homelessness, prepared state-	
ment	192
Melancon, Hon. Charlie:	
Email regarding production of trailers	197
Mercadel, Kevin:	
"N.Y. Benefit Supports Restoration," article, New Orleans Times-Pica-	
yune, January 13, 2006	198
PRC Renovations, Faubourg Marengo Historic Neighborhood Initiative,	
600 Block of General Taylor Street	200
Perry, James:	
National Fair Housing Alliance, Report on Housing Discrimination	
Against Hurricane Katrina Survivors, December 20, 2005	201

HOUSING OPTIONS IN THE AFTERMATH OF HURRICANES KATRINA AND RITA

Friday, January 13, 2006

U.S. HOUSE OF REPRESENTATIVES,
SUBCOMMITTEE ON HOUSING AND
COMMUNITY OPPORTUNITY,
COMMITTEE ON FINANCIAL SERVICES,
Washington, D.C.

The subcommittee met, pursuant to call, at 2:10 p.m., in the Board Room, Port of New Orleans Administration Building, 1350 Port of New Orleans Place, New Orleans, Louisiana, Hon. Bob Ney [Chairman of the subcommittee] presiding.

Present: Representatives Ney, Waters, Lee, Green, Cleaver, Watson, Melancon and Taylor.

Chairman NEY. The Housing Subcommittee meets this afternoon to continue its discussion of the Federal Government's response to the emergency housing needs of residents affected by Hurricanes Katrina and Rita.

This is the first field hearing held in New Orleans since Hurricanes Katrina and Rita struck the Gulf shores late last summer. And we will also be going tomorrow to Gulfport, Mississippi, to also to have hearings down there.

I am going to limit my opening statements. The members here of course are free to make opening statements. I would explain, we are under the rules of the House and this is an official House hearing and this is the Subcommittee on Housing and Community Opportunity. We have a 5 minute rule, we call it, where a witness will speak for 5 minutes. Members then will have 5 minutes to ask questions and respond. We will try to hold to the rule, but I do not want to cut you all off with a bang of a gavel. So we will try to have some leeway obviously because this is an important topic today.

Mike Oxley from Ohio chairs the full Committee on Financial Services. And the ranking member is Barney Frank of Massachusetts and I chair the subcommittee. And my name is Bob Ney from Ohio and Maxine Waters is our ranking member from California. And of course we have other members who are going to introduce themselves today.

Again, I am going to limit it because I do want to get to our panel and I think they have important things that we will want to hear. I want to thank the mayor and also Congressman Jefferson for hosting us in this historic city. This is not my first visit here. Also, I would like to thank Chairman Richard Baker and all the Members of the Louisiana and Mississippi delegations who took the

time also and have been working on this issue. And of course I want to thank our subcommittee ranking member, Maxine Waters, who has dedicated so much time to this issue and I think was here on the ground pretty quick after this happened. And I realize too our members have traveled from the west coast and sometimes that is not easy to be able to do that. I really appreciate them being here.

We have been at the forefront of this in Washington, D.C., since it began. We have had a committee that we formed for disaster recovery. Members have been meeting constantly with FEMA, with HUD, with groups of people that call us from across the country, all trying to see how we can help in this situation. So we have been at the forefront of it and we have had three hearings, four briefings, and approximately 80 witnesses participating.

In addition, the committee has shepherded needed relief legislation to the House floor in the recent months following this disaster that will affect not only families in the immediate hurricane-ravaged areas but those families forced to suffer the aftermath due to flooding.

Now clearly there are many challenges ahead. Some are local decisions; some are local, State; some are local, State, and Federal. But they all involve human beings who have been in such trauma in their lives as a result of what has happened here.

There are still many that are without, of course, permanent housing, jobs, and infrastructure. And this committee focuses on the housing aspect. That is one reason we are here. And also, about people that are living in hotels or on the cruise ships and what is going to happen to them, what is the time frame. These are the issues we have dealt with in Washington, D.C. So I look forward to working with our chairman, Mike Oxley, Congressman Richard Baker, Barney Frank, our ranking member again of the committee, and Maxine Waters, and our members. Also, would the staff on both sides of the aisle please raise your hands, all the staff.

[Staff complies.]

Chairman NEY. These are wonderful people and they make the system work. They work very, very hard, so I want to recognize both sides of the aisle of the staff.

Let me just close by just saying we went today around the affected area. Even though we have been dealing with this issue in Washington, and trying to help, as everybody from any State should—we are one country—until you see this—it is the most unbelievable thing I have ever seen in my life and the shock and the trauma of what has happened to people. And I just, I would tell you the outpouring of so many of you and putting your hearts and soul into helping these people is something that shows the true spirit of the worth of the human beings from around the country and people right here on the ground. I have never seen anything like what I saw today. Our hearts go out to the people here and also all that you see in the rest of the Gulf affected areas.

I also wanted to introduce Mr. Sidney Williams, ambassador—I should give him his title—and also spouse of Maxine Waters. We are so happy to have Ambassador Williams here today. And also, Minister Louis Farrakhan, we are very happy to have Mr. Farrakhan here with us today. Thank you.

[Applause.]

Chairman NEY. And again I would also like to note, I would like unanimous consent that Congressman Melancon and Congressman Watson can participate in the hearings today. Without objection, they will be able to participate. And I will turn and thank again for your concern and all your dedication to the people that have been so affected. Our ranking member, Maxine Waters.

[The prepared statement of Hon. Robert W. Ney can be found on page 92 in the appendix.]

Ms. WATERS. Thank you very much, Mr. Chairman.

I would first like to thank the chairman of this committee for pulling together this hearing and coming to New Orleans to make sure we get a first hand view of the devastation that has taken place here. The chairman is correct; I was here in New Orleans about the fifth day following Katrina, where I witnessed much of the devastation, having spent time at the Louie Armstrong Airport that was being used as a staging ground for those who were being plucked off of roof tops and off the highways. And I saw something that I never thought I would see in America at the Louie Armstrong Airport where people were literally dying and did not know what was going to happen to them.

Many of those people were put on airplanes and buses and taken to places that they had no idea where they were going at the time. And of course, since all of that, we have residents of this great city who are living in various shelters across this country and in the homes of relatives and friends, supported by churches and community groups and organizations.

And I would just like to, number one, say to the people of New Orleans that I have a great appreciation for what you have suffered and what you have been through. And this committee, this chairman and the members of this committee and particularly those who are there today are dedicated to the proposition that we can do better than what we are doing now; that we can move this agenda faster, that we can create more housing, we can get people back home, that we can help to rebuild this city. And I believe that the chairman's vision for putting together this hearing today is one that will help to get us there.

I want to thank HUD for the tremendous job that they did in providing us the tour today. It is one thing to see the devastation on television. But it is absolutely another thing to be close up and to see what happened to houses and businesses and to see where the breaches absolutely took place. It is a sight and a scene that I will never forget and I do not think anyone who sees it can forget it. So thank you, City of New Orleans, HUD, the mayor's office, all, for providing us with that tour that we had this morning.

Let me just say that what we understand is that in the region over 110,000 private homes are destroyed. More specifically though, some 1.5 million people are displaced and 208,000 housing units were destroyed and 20,000 plus Louisiana businesses were lost.

We have been busy in Washington, D.C., passing legislation and I asked my staff to give me a review of all of the legislation that has been passed. And I would just like to go over that with you very quickly. HR 4146, the Hurricanes Rita and Wilma Financial

Services Relief Act of 2005; HR 4133, the National Flood Insurance Program Enhanced Borrowing Authority Act of 2005; HR 3909, the Hurricane Check Cash Relief Act of 2005; and HR 3505, the Financial Services Regulatory Relief Act of 2005. And then, of course, we have the National Flood Insurance Program and HR 4100, the Louisiana Recovery Corporation Act sponsor.

In addition to that, about 62.3 billion, Mr. Chairman, I believe was appropriated for the recovery. And one of the things that we must do is to find out where that money has gone, how much has been spent, what is left of that appropriation. And what do we need to do to fight for additional resources.

I do want to mention that November 3, 2005, the 42 House members of the Congressional Black Caucus introduced HR 4197, the Hurricane Katrina Recovery, Reclamation, Restoration, Reconstruction and Reunion Act of 2005. This bill is designed to provide for the comprehensive recovery of the Gulf Coast region and for the reunion of families devastated by Hurricane Katrina. HR 4197 emphasizes two critical objectives that CBC and many others have considered most important since Hurricane Katrina—the desire to see the Gulf Coast restored fully and the desire to see the residents of the Gulf Coast reunited with their family.

Title Four of the bill entitled Housing and Community Rebuilding Provisions, a section which I helped to craft along with Representative Barbara Lee, using the tools that were available to me as ranking member of this subcommittee, authorizes the additional Federal funds for the Hurricane Katrina disaster area for the following purposes, in the following amounts. Let me explain, in addition to the work that the chairman was doing and the other bills that you heard me allude to, the Congressional Black Caucus thought it was very important for us to structure legislation and to put into that legislation everything that we thought was needed. There are many who will look at that legislation and say, "Oh my God, that costs a fortune, that is much too comprehensive, it is much too costly." But we thought it was our responsibility to organize what essentially is a Rolls Royce piece of legislation, to say this is what the people of the Gulf Coast region deserve.

We negotiated with Chairman Ney here and others, along with Mr. Baker, who I think will be here a little bit later today who had also proposed some legislation. And we were able to get the agreement of Chairman Ney and Mr. Baker to incorporate in the Baker Bill some of our concerns in addition to having our own legislation.

This portion that I am going to cite to you is about housing because this is the Subcommittee on Housing. And we serve on this committee as one of the subcommittees of the Financial Services Committee. And we wanted to pay special attention to the housing needs and that is one of the reasons I came to New Orleans very early, because I knew that the displacement was going to be awesome and that we were going to have to talk about not only how to house people in the emergency—that is, with the shelters—but then the transitional housing and all of the trailers you have heard so much about. And then beyond that, what do we do for permanent housing and how do we deal with the existing resources that we have in Government, the CDBG and housing monies and Section 8 housing vouchers and all of that? And what do we need to

put on top of that with new appropriations? So we put together the Public Housing Capital Funds for \$100 million, Hope 6 Community Revitalization for 100 million. We increased the home funding by \$1 billion. The Community Development Block Grant, CDBG, which we think is so important, and the chairman insisted on, we put another one billion dollars into that legislation.

In the CDBG, Section 1089, loan guarantee funds, we kicked up \$10 million; the Youth Bill Program, \$200 million; HUD Demonstration Act Funds, 4.5 million; funding for 300,000 additional tenant-based renting assistance Section 8 vouchers, \$10 million for fair housing enforcement and \$10 million that Barbara Lee insisted on for housing counseling for families in temporary shelters.

Now I will not go into much more of this, except to say this was our Roll Royce budget that is being advanced by the Congressional Black Caucus. As we look at what has been done, what has been spent, how much has not been spent, we can further decide how to be advocates for these additional resources, even given the budget deficit that we are confronted with in Washington, D.C.

In closing, let me just say this; I believe that more attention by the Federal Government must be given to the entire Gulf Coast region. That despite the fact that we have had any number Members of Congress, both from the Senate side and the House side, kind ride through and ride over, this is really the first official hearing that has been held, thanks to Congressman Ney, thanks to the Congressional Black Caucus, thanks to Bill Jefferson, and to the other representatives of this area. And I do believe that not only should we be on the ground today, but that we should be on the ground giving oversight in the best way that we possibly can to the implementation of the funds that have been allocated to make sure we can move this agenda. It is a huge agenda and a lot that has to be done.

I am not going to go into everything that I am happy with. But we all know that—and we want to find out here today about why more trailers have not been put on the ground. We have some confusion about whether or not the authorization has been given to put these trailers on the ground, whether or not they are being manufactured fast enough and whether or not FEMA is doing its job to get the trailers here. And whether or not the local government is doing its job to do the authorization and the placement and the infrastructure that is needed in order to put these trailers down until we can get permanent housing and move on that agenda.

We are absolutely focused on the fact that people are in hotels and these dates are being given. Before we left Washington, D.C., the Congressional Black Caucus met with the Acting Director of FEMA. That is when the date was first given of December. And we said oh, no, we do not intend to see anybody put out of hotels and in the street in December. The date was moved to February and now I understand it has moved to March. But we really do not care what date they give; we do not intend to see anybody put out on the street at any time until we need to work out how we are going to move people from temporary living to transitional living to permanent housing.

[Applause.]

Ms. WATERS. Again, we have a lot of questions about contracts—who got the contracts, whether or not they were no bid, whether or not they have rebid, who is getting opportunities to be involved in the procurement and the contracting. And we may not be able to get into all of that today.

But again, Mr. Chairman, I thank you for starting this up close oversight that we must do. And with that, I know that I have talked over my time and I have no time to yield back. But Mr. Chairman, I will pretend like I am yielding back time so that you can give it to someone else.

Thank you very much.

Chairman NEY. We will note that yield back of the time.

Ms. WATERS. Okay.

Chairman NEY. I do have, without objection, statements that will be entered into the record. American Hotel and Lodging Association, Rural Housing Service and a statement by Congresswoman Sheila Jackson-Lee. And I would also note—although I would like to applaud personally for many of the things the ranking member said—in the House hearings we do not usually express either happiness or sadness or booing or applauding. It is okay that you applauded. I just thought I would tell you the protocol of the day.

So I move on to the gentlelady from California, Ms. Lee.

Ms. LEE. Thank you very much. I want to also thank you, Chairman Ney, for your leadership and our ranking member, Waters, for her vigilance, leadership and really for both of you in terms of your leadership to make sure that the response from our committee and the Congress is a bipartisan response, and that it is a response that makes sense, that is inclusive of New Orleans in terms of the appropriate response that the Congress must engage in.

Also, let me thank the HUD officials who provided this visit today, this unbelievable visit of the devastation that has taken place. To the City of New Orleans, the State of Louisiana, to Congressman Baker, to Congressman Jefferson, to the mayor, let me say to you, the people of New Orleans, I want to just commend you first of all for your indomitable spirit and your resilience and for your determination, and I mean, your real determination to rebuild this great city. And that is what this is about. And that is what I think the Congress must make sure happens in terms of our support for those efforts.

Mr. Chairman, ranking member, we all know that basically people want to come home. They want the electricity restored; they want their trash picked up, their roofs repaired, the mold in their homes removed, food on their tables and a way to earn a living. Also, the people of the Katrina region, the people of New Orleans, deserve to benefit from the reconstruction jobs that are taking place and they must be close to home to benefit from those jobs.

There are hundreds of thousands of people who want to return home, but either fear that their home no longer exists or will be demolished. We have got to ensure that that does not happen.

Since day one, of course, many of us have been concerned about the issues of eminent domain and the fact that there are those who could profit or would profit or try to profit off of this tragedy. And we are determined, from a Federal level, from the Congressional level, to not let that happen. So let me say I am convinced that our

legislative efforts must be about helping to rebuild and restore homes and communities, but with equitable development strategies in the rebuilding of this great city.

Today, I hope to hear from FEMA and HUD in terms of some of the questions that were quite frankly left unanswered in Washington, D.C., during our hearings. I want to find out how FEMA and HUD are working together for this immediate temporary housing and how they are working to make the transition back into more permanent housing as easy as possible.

I also want to know, and this again may not be directly related to housing, but we have to have a coordinated effort with FEMA and HUD as it relates to the needs of those people living with HIV and AIDS and what steps are being taken to ensure that there is a continuity of care with these individuals, especially as it relates to their housing needs.

Also let me just say, Mr. Chairman, and to our Ranking Member and the Committee, that I had the privilege quite frankly to visit Houston. It was an awesome experience to visit those displaced by Katrina right after the devastation of this hurricane. And the trauma that exists, as you well know, warrants some attention in terms of mental health needs, in terms of counseling, in terms of support services as we look at housing needs. And so, I see our housing strategies as being inclusive or at least requiring an inclusive approach to make sure that those who need the mental health services and the HIV/AIDS services receive those types of services as we help them return home.

Finally, let me just say one of the issues that I have been very concerned with, with Congresswoman Waters and others on the committee, is the issue of the homeless. What is happening to those individuals who were homeless prior to Katrina. Where are they? How are they being integrated into the overall recovery efforts of this great city? I would like to include, Mr. Chairman, and let me just ask unanimous consent to include into the record, statements from the National Policy and Advocacy Coalition. And also, for the homeless and the Call to Action, I would like to have their reports entered into the record.

Chairman NEY. Without objection.

Ms. LEE. Thank you very much.

Again, I just want to say to you that this moment should really galvanize us the way 9-11 did. We should be recommitted to helping New Orleans rebuild in terms of what the American dream should really be about. And we should take this moment to address the lack of economic opportunities and the economic disparities that became so glaring and that the world was—that the world saw as a result of this human tragedy.

Thank you again, Mr. Chairman; thank you, Ranking Member Waters.

[Applause.]

Chairman NEY. Thank the gentlelady.

The gentleman from Texas, Mr. Green.

Mr. GREEN. Thank you, Mr. Chairman. I would like to say to you, Mr. Chairman, I greatly appreciate your bringing these hearings here. Friends, this chairman has been at every one of our

meetings that we have had on this topic. And I am honored to have the opportunity to serve with him.

I want to thank the ranking member. She clearly is the Congress person for the people of this country.

[Applause.]

Mr. GREEN. I want to give a special thank you to her because she helped us to secure \$7.7 million to fight discrimination in housing at a time when we need to fight discrimination in housing because it is still taking place. The Katrina victims are being discriminated against based upon color, based upon race, and Madam Chair—Madam Ranking Member, I thank you for helping us to get that money to fight that discrimination. Thank you.

[Applause.]

Mr. GREEN. I too had an opportunity to see the devastation that has taken place in this city. And we lost more than buildings, because that is what you see with the camera's eye. When you go inside those homes and you see the way all of the furniture, all of the pictures on the walls—and the chairman pointed out today that there was a picture of the Last Supper—it looks as though you just walked into the twilight zone. Everything there, but in turmoil, and the people are gone. They lost their memories, their memorabilia, the little things that you can never ever replace with money. I just cannot tell you how important it was for us to have the opportunity to go through the homes.

So Mr. Chairman, I want to—and Madam Ranking Member—I want to say this about a couple of things that I deem to be of paramount importance. One, we must rebuild the levee system and it ought to be to a category five standard.

[Applause.]

Mr. GREEN. We have been equivocating; we have caused a lot of consternation. It is time for us to be definitive and let people know that we are committed to this city and the State and the Gulf Coast. Business people are going to have some concerns as long as we have the levees built to less than a category five. If we really want businesses to relocate without hesitation or reservation or equivocation, rebuild the levees and let us do it to a category five standard. I hope that we can get that kind of commitment from our Government.

I think, Mr. Chairman, Madam Ranking Member, that we must allow the people from New Orleans to elect their representatives.

[Applause.]

Mr. GREEN. If they live in Houston, Texas, they ought to be able to select their representatives. People who live in the United States who are from Mexico—and I do not begrudge them—are going to elect representatives in Mexico. There is no reasons why we should allow politics to prevent the people who were born and reared and who are residents of this city from electing the people of their choice. Because, I submit to you if they do not get the opportunity to do it, we may have a different look when it comes to the representation in New Orleans. I want to see them have a chance to vote.

[Applause.]

Mr. GREEN. And finally, I was born in Charity Hospital. And I want you to know that I am convinced that New Orleans will come

back. The question that I grapple with, the thing that keeps me up at night, is who will come back to New Orleans? Will people who did not own property, who have a rich history in this city that they are proud of—will they have the opportunity to return? I am committed to making sure not only those who are well off and wealthy, but also I am committed to having the least, the last, and the lost return to this city as their home.

I thank you, Mr. Chairman.

[Applause.]

Chairman NEY. I thank the gentlemen.

The gentleman, Mr. Cleaver, from Missouri.

Mr. CLEAVER. Thank you, Mr. Chairman, not only for your leadership in holding this important subcommittee hearing, but for your steadfast support for the spending of Federal dollars to improve the quality of life for people during the pre- and post-Gulf Coast tragedy.

And to our ranking member, Maxine Waters, thank you for doing what you always do, doing what needs to be done, and then telling it like it is. Thank you.

To my friend over the years and colleague now, Congressman William Jefferson, thank you for hosting us along with the mayor.

I served as the mayor of Kansas City for 8 years in the 1990s. It is the most difficult job in America; you are on center stage. People in the United States Senate, they can go to Washington. Members of Congress, they can go. And mayors, they have to go to the grocery store, to the pharmacy, and that is where the people are.

Like a snowflake that melts under the noonday sun, the attention of America is melting away from the devastation in the Gulf Coast region. I have said over and over again that we suffer from attention deficit disorder as a Nation. We are probably about a 12-week Nation; it is usually about 12 weeks, sometimes it is 12 weeks and 2 days, but the truth of the matter is in about 12 weeks, 2 days, and a couple of hours, we will forget just about anything. And so, we have moved on now to the Super Bowl and the Grammy's. We are now looking for Desperate Housewives. We are not into giving attention here. And so, that is why I hope those of you here can appreciate the Members who are here, particularly our leadership.

I just want to say one thing and then move on to my colleague. The issue that we have to deal with, I am not sure I realized this until we went through the city today, is an issue of will. What is the will of the nation? It will cost a truckload of money to bring back the Crescent City, to bring back the Big Easy—a truckload of money. Almost as much money as the oil companies made in the last quarter.

[Applause.]

Mr. GREEN. And they had record profits and so it is going to take almost that much money and I think if we have the will, we can do pretty much what we want to do. This is the most powerful Nation on the planet and I do not think we ought to sit around as Members of Congress, nor you as citizens, to accept anything less than bringing this city back. We are unequal in terms of the economy and in terms of our industrial capacity. And if we are not able to turn around one city, friends, we are sending a statement. We

are talking about how we make ourselves look bad by criticizing the Government, but we are making a horrible statement that the world will be able to see and hear, that we will not take care of our own. Our attention is gone and maybe this hearing will bring our attention back. The whole world is looking at America and America is looking at TV.

[Applause.]

Mr. GREEN. Thank you, Mr. Chairman.

Chairman NEY. I thank the gentleman.

The gentlelady from California, Ms. Watson.

Ms. WATSON. I am not going to take much time because I am a visiting Member who is committed to seeing that the birthplace of her grandmother, who was in a convent, the Order of the Holy Family for 13 years, is restored.

I want to specifically thank Mayor Nagin for coming to Los Angeles. But for your leadership and I think your show of compassion and passion alerted this country to the challenge that we have.

I want to thank Bill Jefferson, probably one of the strongest and most profound Members of Congress, who suffered greatly, we were in your district. It brought tears to our eyes; it broke our hearts. Thank you for coming today.

But more so, Chairman Ney, for agreeing—and we were talking along the way and I truly feel that he sincerely feels your pain. And of course, there is Maxine Waters. It has all been said; she is the spokesperson for all of us, the underprivileged in this country and we appreciate that.

But most of all, for all of you who have come and Minister Farrakhan for saying that you came to listen and to learn. Thank you for taking the time to hear the plight.

And we have this panel and we were invited along, so we could hear from you in your own words as to what your needs definitely are. And Chairman Ney, I think it ought to be mandatory for every member of every fiscal committee to come down here and view first hand the devastation on the Gulf Coast and to start focusing, as has been said, on the challenge that faces America now that the covers have been pulled off of poverty. And it just happens to be that poverty looks like us.

Thank you, Mr. Chairman and ranking member.

Chairman NEY. I thank the gentlelady.

And welcome to the committee, Congressman Melancon, who of course is from here in Louisiana.

Mr. MELANCON. Thank you, chairman. I appreciate, as all the other Members, you taking the time and I appreciate all the members of the committee that has taken the time to come from other States to view New Orleans and the region. This is the region and New Orleans is the hub.

Mr. Chairman, there have been requests and attempts by Louisiana delegation for a number of years to get shares of outer continental shelf revenues from royalties offshore, as the inland States do on Federal land.

The people that you see here are not looking for a helping hand. They just want—I mean not looking for a hand out, they are looking for a helping hand. They do not want to go begging. If we had a share of what is rightfully Louisiana's for the energy that we

produce for this country and have produced for all these years, we would not have to be asking every day and begging every day for monies to help folks in New Orleans, St. Bernard, Plaquemines, and Mississippi and Alabama and now Texas and for that matter, Florida. But if we had that revenue, Louisiana could bond itself for the most part out of the situation we are in. That is a long time request in terms of achieving, getting this city, this region back on its feet and as productive as it was once for the country.

I found out during one of the bills that were on the floor for debate, as I discussed monies with some of the other Members for Louisiana because of the disaster, the other thing—and this is the other point, and I made these to the President yesterday and asked him to get involved. If in fact the Congress will pass a WRDA bill, which is the Water Resource Development Act, which it has not done in 6 years. It is not the House's problem; it is the Senate's problem. But if in fact all Members of Congress would get involved, we could start with that offshore royalty money and with the WRDA bill which would give us authorizations we do not presently have, build the levees that we need to a category five, do the coastal restoration that is needed to protect those levees, and rebuild this city and this region to its once glorious presence that it did have.

Those two items, if accomplished, would keep these people and people like Bill Jefferson and Gene Taylor and I from having to come and grovel and beg, because sometimes that is what it feels like.

I thank you again, Mr. Chairman, Ranking Member Waters; you have taken the time and we in Louisiana and this region really do appreciate it. I understand that the Katrina Committee will be coming here hopefully in the next week and as expressed by Congressman Watson, I would like to be able to put every Member of Congress on the ground in this region. There has been discussions about the bus tours and I have mixed emotions, but I truly believe that if every person from this country, for that matter from other countries who have reached out to help us would come here see the devastation, understand the devastation, and speak to their Members of Congress, our job would be a whole lot easier.

So I thank you again for being with us in New Orleans and taking the time out of what I know is all of your busy schedules.

Chairman NEY. Thank you.

Congressman Taylor, who also will be with us tomorrow in his home State of Mississippi. Thank you.

Mr. TAYLOR. Thank you, Chairman Ney. I want to thank all of my colleagues, many of whom came from clear across the country to be here. I hope that you will stick around for tomorrow. What you will discover is the flood hit New Orleans, the hurricane hit Mississippi. And whether it was the flood waters or a hurricane that destroyed your house, at the end of the day, losing your house is losing your house.

I would hope for a couple of things that you come away with from this—this was an equal opportunity storm, particularly in the case of Mississippi. The richest guy in town and the poorest guy in town both lost their house. You will see the shameful job the insurance industry has done of fulfilling its obligations.

[Applause.]

[Lights blink.]

Mr. TAYLOR. And you will also see how powerful those folks are.

[Laughter.]

Mr. TAYLOR. But, you know, for decades collecting premiums and then when it comes time, finding every excuse not to pay on those claims.

You will see that FEMA, although it has done a formidable job, still 120 days after the storm in the case of south Mississippi, there are 5000 families waiting on a FEMA trailer. Good news is that 30,000 families have gotten those trailers. But still you would think that the greatest Nation on earth could do better than that. The trailers really were not designed, since this is housing and these are weekend trailers that people will be living in for 18 months. And one of the things that we need to be changing as a Nation is that they ought to be all electric. The heat is propane tanks; for a healthy guy like Charlie, no big deal to change them out every 3 days. But if you happen to be a senior citizen, you happen to be disabled, that becomes a major obstacle and we need to change that. Either the Administration needs to change that or we need to change that.

But you are absolutely going to be taken aback even further tomorrow at the level of devastation in south Mississippi. We still cannot get a count, but it is a safe guess that somewhere between 40,000 and 50,00 homes are gone. And that in my home county, two-thirds of the people have either lost their home entirely or it is uninhabitable.

So, again, we are glad that you are here. We want as many of our colleagues as possible. I do, on behalf of the people of Mississippi, want to thank you for what has already been done. And I think all of us would fail if we did not mention that to date something in the neighborhood of \$80 billion has been appropriated. But there is still a heck of a lot of work that needs to be done. And we cannot have enough of our colleagues come down here and see the devastation as we ask you for additional help.

So thank you for being here.

Chairman NEY. And with that, we will move on to our panel and the first panel, we have our colleague of course, the Honorable Congressman William Jefferson. And we have the mayor of the City of New Orleans. Mayor, welcome also. And Mr. St. Julien, executive director of Finance Authority of New Orleans. Mr. Hank Williams, Deputy Assistant Secretary, Multi-Family Housing, Department of Housing and Urban Development. And Mr. Scott Wells, Federal Coordinating Officer, Federal Emergency Management Agency, FEMA, Department of Homeland Security.

And let me just say, mayor, thank you for having us in one of the most wonderful cities, I have thought for years, in the world. And I want to give special mention to Congressman Jefferson. I want to thank you for helping us in arranging this and all the work and effort that you put into it. We will begin with our colleague, Congressman Jefferson.

**STATEMENT OF HONORABLE WILLIAM JEFFERSON, MEMBER
OF CONGRESS FROM THE STATE OF LOUISIANA**

Mr. JEFFERSON. Thank you, Chairman Ney and Ranking Member Waters. To both of you, I implored you to come to our city, to our region, and you were wonderful in your response to it. And we thank you very much for providing the leadership that brought this committee here today.

Distinguished members of the Subcommittee on Housing and Community Opportunity and distinguished colleagues and friends, I wish to welcome you to my home district, to my home city, and to thank you for inviting me to testify today. I want to thank our mayor for joining us too. He has a wonderful attendance record in Washington now. He is there almost as much as we are. We appreciate his help and his commitment.

It is extremely important that you have convened this hearing today at the site of the most devastating natural disaster in perhaps the entire history of the United States. Additionally, your visit is timely as our local and State governments are grappling with the very issues that your Committee will have to respond to over the coming months and years.

I also appreciate the opportunity to—I appreciate the commitment that you have already shown, as my colleagues have said, to rebuilding New Orleans and the Gulf Coast that this committee has consistently shown in the months since the monster storms Hurricanes Katrina and Rita, since these storms altered the lives of all of us.

The question must not be whether New Orleans will emerge from these disasters, but rather how it will return. Absolutely critical to this recovery is the manner in which the housing crisis is addressed and how quickly and easily the displaced can find their way home again. In this spirit, I express my deep gratitude to this committee for having taken the time to tour the devastated areas of our city. Seeing it, one must agree, is quite different from hearing about it or reading about it. Every home, every neighborhood represents not just a tragic loss of property, but a tragic disruption in the lives of a vibrant people and a vibrant city. The people in the city are not just important to our region but to our entire country.

As we think about how to deal with the problem of rebuilding the housing infrastructure and the communities in our city, it is important to note what truly happened here. But for the failure of our levee system, the flooding that has so devastated our housing stock, would not have occurred or would have been minimal. The losses that your committee bore witness to today in your tour would not have occurred. Because of the failures of our levees, more than 228,000 occupied housing units, representing more than 45 percent of the total housing stock in the metropolitan New Orleans area, sustained flood waters. This total includes 120,000 owner occupied units and 108,000 units occupied by renters, representing 39 and 56 percent of those respective stocks. By some reports, 108,000 of these households had over 4 feet of flood water in them for weeks, representing 50 percent of all New Orleans households.

I just came back from a trip to the Netherlands with our two U.S. Senators, our Governor, and a host of city and parish leaders

throughout this region. The Netherlands has a thriving economy and important stocks of housing in areas that are more than 20 feet below sea level, often more than twice as much below sea level as any area of our city and of our region. Of the \$485 billion economy of the Netherlands, more than 70 percent is derived from areas ranging from 15 to 27 feet below sea level. Without recovering and utilizing this area after suffering devastating flooding, the Netherlands would not boast the great culture and economic power that it does today as a nation of the world's second largest port and one of Europe's most coveted tourist destinations.

So as we contemplate building back communities in New Orleans, the question is not whether we can build sustainable communities in every neighborhood of our city, but whether we will make the choice to do so. It is a matter of the vision we have for the City of New Orleans. Do we envision the City of New Orleans as again one of the major cities of our country with its distinct, vibrant, and historic neighborhoods fully restored and enhanced, as a leading port city of our country in tonnage, as a most interesting and creative cultural mecca of our Nation? If we begin with this vision rather than a short-term view of the challenges that we face in achieving it, there is little doubt that the technology exists to secure this vision for our people and our Nation, if we but have the political will to make the right political choices. In a \$12 trillion economy and a \$2.2 trillion annual budget, we can find a way to make the right choice.

As we move forward, we must determine how to rebuild our housing stock and our communities scientifically, systematically, and democratically. We have a commitment in hand to build our levee system to standards not existing heretofore and a pledge to build a system of barrier island protection and wetland protection and canal protection to secure us against these ferocious storms. We are, therefore, prepared to confront this most extraordinary urban housing crisis that our country has ever witnessed.

In doing so, we must move forward aggressively and creatively to resettle those displaced by the deluge in safe comfortable homes in economically integrated neighborhoods or, as a recent Brookings Institute report describes them, neighborhoods of choice and connection. Such neighborhoods may represent the best hope to solve many of the city's urban ailments. They reject the concentrated poverty, residential segregation and economic isolation that characterized too much of our city previously. They also represent a vision of a city rich in economically integrated neighborhoods, attractive to all classes of people, with schools on a path to excellence traversed by a notably better transportation system and paths to great economic opportunities.

All of this begins with getting our people a realistic plan to be housed, both temporarily and in the long term. In this, government at every level must take decisive action. The displaced citizens must do their part and exert their best efforts to assist in this process. But I do not believe that where government has not asked the question of where schools will start up and where hospitals will be stood up, and infrastructure like streets and lights put in place, that citizen groups can be expected to make plans to rebuild communities all by themselves.

In the real world where people live who have been displaced from their homes and who have lost their property there, a world where insurance companies have not paid them for their losses, where they have run out of money and where even getting a contractor or an electrical inspector is a daunting if not an impossible task, it does not appear reasonable to expect these citizens to organize themselves and plan for their community survival and the restoration of their homes in a few months.

[Applause.]

Mr. JEFFERSON. The committee and the Congress have already done a great many things to relieve the housing crisis. But it continues to be a crisis nonetheless. The effect of some of our efforts will be felt immediately—improvement to FEMA's temporary housing program and the 1-year deferment provided by HUD for FHA-secured loans, for example. Other efforts will yield results in the coming months and years. The extraordinary increase in low income housing tax credits that we just passed and enhancement of mortgage revenue bonds as a driver below market for displaced people, for example, will also be helpful.

Next, we must continue the work that this committee has already begun by ensuring the passage of the Louisiana Recovery Corporation Act in short order. The bill introduced by Congressman Baker and supported by our Louisiana delegation and improved upon by members of this very committee brings a thoughtful and critical tool for the recovery of our homeowners. We must also provide immediate and meaningful mortgage relief to those displaced by the hurricane. The financial services industry has gone to great lengths to accommodate the victims of these storms, but their efforts are not uniform and not always helpful. I recognize, as I believe everyone does, that mortgage lenders are in the business to make money and situations such as we confront today are not entirely helpful to the bottom line. Moreover, mortgages are securitized by entities like Fannie Mae, Freddie Mac, Countrywide, and others and these mortgage-backed securities are sold to bond holders throughout the world. Accordingly, when the lender is confronted with the decision as to how best to handle an individual mortgage, he or she cannot do so in a vacuum because there will be significant downstream effects to any decision he or she makes.

For that reason, we should consider following approaches we used in our student loan programs. When students graduate from college or graduate from school and take those first few steps towards independence, we have long recognized that burdening those wobbly initial steps with a mountain of education debt is not likely to improve the student's chances for success. Therefore, most student loan programs offer borrowers an automatic deferment for 1 year. That 1 year gives borrowers the breathing room they need to find a job, secure a home, and brighten their path to success.

Same can be said for thousands who have been uprooted from their homes and now confront the potentially unbearable burden of financing two homes. Without immediate uniform relief that preserves the assets of the victims of the hurricanes and keeps the lenders whole, we will likely see a wave of bankruptcies and foreclosures which will have a lasting and potential devastating effect on the families of the Gulf Coast and its recovering economy.

Mindful of that, I would ask the committee to consider an automatic 1 year deferment of their mortgage obligations for homeowners living in the core disaster area with Federal financing of the debt service that mortgage lenders will lose during that year. The precise mechanism for financing, I would leave for the wisdom of those of you on this panel and others with greater expertise in this area. However, I believe it is absolutely critical that homeowners receive immediate relief, again to give them the certainty and breathing room that they need to recover from the devastating effects of the hurricanes and return to the home for which they have worked so hard.

In addition, we must finish the work of the GSE reform bill, including the creation of its trust fund to finance affordable housing and other housing initiatives for low-and moderate-income families. While that program is designed to be national in scope over the long term, I am grateful that the resources of that trust fund are to be targeted through the aegis of this committee to the housing crisis in the GO zone during the first 1 or 2 years of the program. I am hopeful that the Senate would join in the House's in action and move this important trust fund and its \$700 million for our area forward.

We must also use our community development block grant resources more creatively and much more broadly to support communities in order to rebuild this vital housing. And we must make the greatest use of HUD properties to rehabilitate them for use to repopulate our city, both on a temporary and a long term basis.

At the end of the day, our objective must be that everyone who has been displaced through this tragic set of events called Hurricanes Katrina and Rita has both a realistic right and the realistic opportunity to return to their homes and pick up their lives. I believe it is the responsibility of our Government to ensure this chance for them. The devastation wrought by these storms is at once a terrible challenge out of which we must wring a tremendous opportunity. Our commitment must be that those who have suffered so much have not done so in vain.

Tasked by a great and serious obligation, the Nation has the opportunity to help a great but shattered community rebuild. Not just to recover, but become more survivable, more sustainable, and more equitable and more prosperous all at once.

I look forward to working hand in hand with you and all of our colleagues in Congress to achieve these daunting but fully obtainable goals. And again, I want to thank this committee.

Chairman NEY. Thank the gentleman from Louisiana.

[Applause.]

Mayor Nagin, thank you.

[The statement of Hon. William J. Jefferson can be found on page 93 in the appendix.]

STATEMENT OF HONORABLE C. RAY NAGIN, MAYOR, CITY OF NEW ORLEANS

Mayor NAGIN. Mr. Chairman, Ranking Member Congresswoman Maxine Waters, members of the committee, let me thank you for being here in New Orleans. Let me just do a time check—how much time do I have to spend with you today?

Chairman NEY. We try to do 5 minutes; it will beep and not to make a difference but for the Member. We have some leeway and for the Mayor, we have some leeway if you go over.

Mayor NAGIN. Well, since you have my comments in writing, if you do not mind, I would like to go off script for a minute if I could. I will try and keep to your 5 minute limit.

Chairman NEY. Take your time, mayor.

Mayor NAGIN. I stand before you as the mayor of the great City of New Orleans. I stand before you as the mayor of a city that was totally devastated by Hurricane Katrina. I stand before you as the mayor of a city where its residents were scattered throughout the United States and spread through 44 different States in the United States. Most of our citizens received one way tickets out of New Orleans. I also stand before you as the mayor of the City of New Orleans that has not been allowed to communicate with his citizens because I cannot get the list of where our citizens are because supposedly there are Federal privacy laws that prohibit that from happening.

I am standing here or sitting here before you while I watch the devastation of Katrina upfront and personal. I watched people suffer. I watched people in the waters after the event. I watched bodies float in this great city. And I also watched a very lethargic response to this crisis. And I watched a great struggle between the Federal Government and the State government as it related to who had final authority and who had the power while people were suffering and dying in our city.

And I must tell you, I sit here very frustrated today. I am frustrated because my city is without revenue streams. We have no money coming in or very little money. I have been put in a position to fly back and forth between Baton Rouge and Washington, D.C., to beg and grovel for money. And I do not appreciate it because I am looking at my city and I am looking at the debris that still needs to be picked up. And I am watching this incredible game with these contractors.

It starts out at \$43 a cubic yard to pick up debris. They subcontract that down two or three times and when we make any noise about locals being able to participate in this process, guess what? We get a couple of them to get involved. But when it starts out at \$43 cubic yard, it is all legal, it is subcontracted down to \$33 to \$15 and the local firm ends up at maybe \$7 a cubic yard. And no one up the food chain does any work or does very little work. And yet and still, I have to grovel and beg for resources to stand my city up. And I am getting tired. I am getting tired of constantly being beat up. I am interacting with my citizens and they want answers. And they want to know what can be done. So it is not that they want a hand out. They just want to come home.

And the biggest challenge we have right now besides the despair and the hopelessness is that I do not have housing for my citizens because 80 percent of this city went under water, 80 percent—61 square miles. There has never been a city to experience this. If this would have happened in D.C., it would have covered D.C. and went over to Maryland. This is serious business.

And I am telling you right now there is a request of 21,000 individual trailer sites in my city right now. There is another 8000

trailer sites, group sites that we kind of approved, that we have gone through this dance with this not-in-my-backyard stuff that we are going to work through as a community. And we still have 7000 sites that we have not been able to identify. So there is 36,000 families that need trailers in the City of New Orleans right now. And I have 1300 trailers installed for individual people and 551 for group sites. Now let me repeat those numbers; I have 36,000 people that have requested trailers, temporary trailers, to live in in the City of New Orleans. And I have less than 2000 ready to go.

Ladies and gentlemen of this committee, it is time for action. It is time for us to do something special for this great city that contributes so much to this Nation. We have done just about everything that we have been asked to do. We begged for levees. We started out with hurricane five protection; we now think we might have hurricane three protection. But we are not sure about that because \$1.4 billion was moved recently away from that protection. We have \$11.5 billion that have been appropriated for CDBG money.

Ms. WATERS. That is right.

Mayor NAGIN. To come down and help us with housing—it is going to flow through the State. And there is no formula, zero formula, right now that that money is going to be targeted to the most devastated areas in this State. So I stand here as the mayor of the City of New Orleans very concerned about that because I think politics is going to come into play with the spending of this money. And I think this money is going to end up being spread out all over the State of Louisiana. And my citizens are not going to get their fair share.

[Applause.]

Mayor NAGIN. I hate to do this, but time is of the essence. This past holiday season, I watched during the event two of my police officers commit suicide. One, I spoke to the night before he actually pulled the trigger. Thanksgiving, I know of at least five suicides that happened in the City of New Orleans. Christmas, I am not sure what happened, but we will get those reports very soon.

This is serious, serious business. And I am not trying to discount the efforts of this committee, but if there is some way, then this Nation, this Congress, this President needs to pull out all stops right now because the people of New Orleans are getting tired and they are ready to come home. And they are frustrated and they are peeved off. And if we do not do something soon, I do not know what is going to happen.

So I implore you, I beg you, I get on my knees, I am puckering up.

[Laughter.]

Mayor NAGIN. Help us. And help us today. Help the City of New Orleans. This city will come back with a little help. We do not need \$250 billion. But we need our fair share. And then, we will spend this money appropriately. Now we may make some mistakes, but everybody makes mistakes. But this is a great city. It is the city where jazz was born. It is a city that has elegance and wildness at the same time, that makes us the unique city that we are. And we are Americans and as Americans we deserve to be supported in our time of need.

Thank you, so much ladies and gentlemen.

[Applause.]

[The statement of Hon. C. Ray Nagin can be found on page 140 in the appendix.]

Chairman NEY. Let me just say a couple of things. What we are going to do—we normally go down the witness table. What I thought we would do due to the mayor's schedule and the Congressman's schedule, we can ask questions now, if we have some, and then we will go on to the testimony.

I want to mention the GSE bill the Congressman Jefferson talked about. That bill, we worked on that with Congresswoman Maxine Waters before Katrina happened. And then after Katrina happened, the bill got support. Of course, the bill is about a few other things, but the trust fund is important because it is helping some of the poorest of the poor. And then, it was supported—Chairman Baker, Chairman Oxley, and Barney Frank the ranking member and staff did a lot of good work. That bill is pending in the Senate. If you want to do something, pick up the phone or write a letter if you can to the United States Senators, if you know any of them or if you do not know any of them, just write a letter. That bill is pending in the Senate. We hope that the Senate and the House can get that bill signed. I wanted to mention it. It is a very—I think very, very important bill.

Another observation and then I am going to ask a question, the issue that we have had up in Ohio where I live, we have people from this city who are in Newark where my daughter goes to school and in Columbus, Ohio, and other areas. And do not get me wrong, you know, everybody is bending over backwards to help those individuals and help with jobs and, you know, clothing and different things they need. But I think—and that is one of the reasons we are here; some of the things you talked about are going to be global in the Congress with, you know, the dollars. And we have individuals, but we have some direct jurisdiction over housing. And I have been asking some questions about the housing issues. And again, we are willing to help in Ohio. We are willing to help in any State. But if you say to somebody, here is your choice, you can go to Columbus, Ohio, or you can go to Seattle or you can go to Philadelphia and that is your choice, then you do not have a choice. And so, there is a lot of people that want to be here and they have relatives here. So I think that just the idea that scattering people across the Nation is going to cure it, it is not going to cure it psychologically. It is not going to cure it for those families. It is not going to cure it here for this city. So I have always been worried if we do not move faster—and we can always do better and do more—then we are going to have that situation. And people are going to be lost for their families. If you asked me to move out of my area and move to New York City, I do not want to do that if something happened. I would do it if I had to. But so there were not a lot of options for people.

What I am going to do at this point in time—I just wanted to make some of those comments. I have some other questions, but I am going to defer to our ranking member for questions.

Ms. WATER. I thank you very much, Mr. Chairman. I would like to say to Bill Jefferson, thank you for helping to organize us to be

here today and for the work that you have been doing to try to focus this Congress on the needs of this area. I do appreciate that.

And to the mayor, I thank you because you have traveled to Washington; you have been there; you have answered questions. You have done a magnificent job of making yourself available. And even today I know that you had to take some extraordinary steps in order to be here.

Mr. Mayor, there are some things that I am determined that I am going to get some answers to today. And in order to do that I have to beg the indulgence of my chairman to allow me to deal with these three issues that I am kind of getting double talk about.

First, the trailers, Mr. Wells, you represent FEMA here today, is that right?

Mr. WELLS. Yes, ma'am.

Ms. WATERS. Well, I hope you came with information because I do not want you to answer me that you do not know, you are not the right one. So I have asked my staff to get your boss on the line while I am talking to you because I want to get some answers about the trailers.

[Applause.]

Ms. WATER. I am told by policy that you have enough trailers, that the manufacturing is such that you are manufacturing an adequate amount of trailers, that you have trailers on the ground that are stored that can be used here in New Orleans and other places in the Gulf. And I am told that all they need is the authority to put these trailers in place where the mayor and others will allow them.

[Microphone feedback noise.]

Ms. WATERS. I do not know what is going on here.

Chairman NEY. Could we get a little bit of help on the mics, if we could.

Ms. WATERS. Now I want to know from you—I want to know from you—give me an assessment of how many trailers are being manufactured, how many are in the pipeline, how many do you have sitting waiting to be sited and whether or not the trailers that the mayor needs are available. And I want to know whether or not you have problems with authorization, that you do not have the authorization to put the trailers down. And after you give me that assessment, I am coming back to the mayor to find out whether or not this is an authorization problem also. Tell us what you know about trailers.

Mr. WELLS. Okay, thank you very much. First thing I want to say, there is not just one problem, Congressman Waters; there is many different problems. Let us talk about production, the manufacturers. We are told that the manufacturers can produce travel trailers at a rate of 550 per day. That is not a limiting factor for us. We have several thousand in storage in Louisiana. They flow in by rail into New Orleans every day. They flow into our storage sites every day. The manufacturing part is not a problem.

Ms. WATERS. You have trailers?

Mr. WELLS. We have trailers.

Ms. WATERS. Do you know how many you have that are in storage now?

Mr. WELLS. We have—

Ms. WATERS. Totally.

Mr. WELLS. I do not know totally, but in the State of Louisiana within our storage sites probably around 2500. But we have never been limited by travel trailers. That has not been a limiting factor.

Ms. WATERS. Okay, so if you have 2500 in storage here, do you have other trailers that are in other locations that can be brought to Louisiana?

Mr. WELLS. Oh, yes, they come in all the time.

Ms. WATERS. How many trailers do you need, Mr. Mayor?

Mayor NAGIN. 36,000 total.

Ms. WATERS. How many trailers, if you had all of the infrastructure, that is, the ability to hook up with the electricity and the water, sewage all of that, how many trailers could you have in Louisiana for the mayor of those that he just mentioned, those 30,000 or so?

Mr. WELLS. We are doing—we are putting 500 families in travel trailers, mobile homes per day; that is an average. That is the average.

Ms. WATERS. The mayor says he cannot get the trailers he needs. Mr. Mayor?

Mayor NAGIN. Yes, ma'am.

Ms. WATERS. Why can you not get the trailers you need? Do you not have the production? Do you not have the ability to provide the infrastructure or are you not giving the authorization? What is the truth here?

Mayor NAGIN. Well, you know, there are two separate issues. The first one is on the 21,000 trailers, the individual sites where a homeowner wants a trailer on their particular property. You know, in fairness to Scott and to FEMA, we have had some issues with permitting and electrical inspectors and Entergy has filed for bankruptcy, which created a problem also with their inspectors. We have since streamlined a lot of those processes. So from that standpoint, you know, everything is in place for us to move very quickly to accommodate those. I have approved 8000 units to go on group sites, which we have had a little bit of controversy about, but we have worked that out. There is still 7000 sites that we need to identify that we have not identified. That leaves us with a total of 29,000 that we could take tomorrow if we had the capacity to put them in.

Ms. WATERS. Let us be very, very clear. The 21,000 individual sites, these are sites where homeowners say put a trailer here on my land or you have a business or someone offering you space.

Mayor NAGIN. Right.

Ms. WATERS. Where they say you can use this.

Mayor NAGIN. Right.

Ms. WATERS. And what you are telling me is you have some inspection problems and some other kind of problems that does not allow you to be able to fulfill those requests, is that right?

Mayor NAGIN. We have solved most if not all of those issues.

Ms. WATERS. When can you get the 21,000 done if those have been solved, if those problems have been solved?

Mayor NAGIN. It is just a matter of the availability of the trailer.

Ms. WATERS. The trailers are available, is that right?

Mr. WELLS. I said the travel trailers are not a limiting factor. What is the limiting factor? What I think you are trying to get to is the limiting factor is a host of things. One of them is within New Orleans, the infrastructure. With—

Ms. WATERS. No, no, no, the mayor said that if he gets the trailer, he could put 21,000 on the ground, hooked up, whatever is needed for 21,000 people now. Do you have the trailers?

Mr. WELLS. Madam, we do not have—it is not—the limiting factor is many things. I am going to repeat it. You cannot take 21—what you are asking, Madam, is you cannot take nine women, put them in one room and make a baby in one month. You cannot do that. Cannot do that.

[Audience response.]

Mr. WELLS. You cannot do that. You have to follow a process of getting electricity—

Chairman NEY. If you could suspend, please.

Ms. WATERS. Hold on, hold on, hold on.

Chairman NEY. Please. May I please remind the audience that we are here to resolve some important issues. And I understand your feelings, but if we could please have some order, it will help resolve that.

Ms. WATERS. Let us back up. Let us not talk about 21,000 trailers. Let us talk about one trailer. What do you need in order to fulfill a request for one trailer of these 21,000 that the mayor needs and is ready to accept?

Mr. WELLS. We need the trailer.

Ms. WATERS. You got the trailer. You are manufacturing them at 550 per day. You have the trailer. Now what do you need?

Mr. WELLS. We go and do a site assessment to make sure that the site is feasible and then if the site is feasible then a team goes out.

Ms. WATERS. How many site assessments of these 21,000 that the mayor is ready to put down have you done?

Mr. WELLS. I do not know about New Orleans; I can give you on statewide site assessments.

Ms. WATERS. No, I just want to know about New Orleans now.

Mr. WELLS. I do not have that broken out.

Ms. WATERS. Do you have problems doing site assessments? Do you have enough people to do site assessments?

Mr. WELLS. Site assessment is not a limiting factor.

Ms. WATERS. Okay, so that is not a problem. What is your next problem? And how many of the 21,000 can you have done in 7 days, in the next seven days? How many of these 21,000 that the mayor is ready to authorize can you do? How long does it take you to do a site assessment?

Mr. WELLS. Not long at all to do a site assessment.

Ms. WATERS. So that is not a problem. You can do the site assessments for the 21,000. What is your next problem?

Mr. WELLS. Contractors. Getting the—that is probably the biggest limiting factor is crews to do the installation.

Ms. WATERS. Who does the installations?

Mr. WELLS. We have three contractors.

Ms. WATERS. Who are these contractors?

Mr. WELLS. Fluour, Shaw, and C.M. Hill.

Ms. WATERS. Let us stop right now. You are telling me that the no-bid contractors that we were all concerned about because they we're well-connected and they got their contracts without a bid cannot do the work; is that what you are telling me?

[Applause.]

Mr. WELLS. No, ma'am. What I am telling you, I think one of them was a bid. I think the Fluor was a bid contract.

Ms. WATERS. Whether it was a bid or no bid, they cannot get this work done?

Mr. WELLS. Not as fast as needed, that is exactly what I am telling you.

Ms. WATERS. Well, let us stop right here. We have got the trailers and we have the authorizations, Mr. Jefferson. We have got FEMA, who can do the assessments and now we have contractors, whether it is bid or no bid with contractors, who cannot get these trailers hooked up and ready for use. Then what should FEMA do in order to expedite getting these trailers on the ground so that people can move into them. Do not forget that FEMA has set a deadline date and they keep setting deadline dates by which people must get out of these hotels. If you can set a deadline date and the deadline date does not match up to your ability to put the trailers on the ground, something is wrong here. Now what do you do—what then do you do to solve an obvious problem?

[Applause.]

Ms. WATERS. What do you do to expedite getting these trailers done by the crews that are supposed to—or expanding the crews. I understand we have still got money, in this 62 or 80 billion, whatever this number is. What are you supposed to be doing to get it done?

Mr. WELLS. I will tell you exactly what we are doing. We are doing different things. It is not all about travel trailers; it is not all about mobile homes. It is also about getting money into the pockets of the people who had losses. We are putting out almost, almost a \$1 million an hour 24 hours a day 7 days a week for individuals and families to help them recover and make up for their losses. That is one thing that we are doing. A large part—

Ms. WATERS. What does that have to do with what I am asking you about?

Mr. WELLS. A large part of that is for rental assistance to where individuals and families can go and rent.

Ms. WATERS. Well, that is what you are supposed to be doing. Now that is going to end at some point.

Mr. WELLS. No, ma'am.

Ms. WATERS. Well, even if it does not, but you want the people out of the hotels, is that right?

Mr. WELLS. Yes, ma'am.

Ms. WATERS. Where are they supposed to go, sir?

Mr. WELLS. We want to give people viable options.

Ms. WATERS. No, they just want a trailer.

Mr. WELLS. That is one of the viable options.

Ms. WATERS. That is okay. If people had viable options that they could exercise, they would be doing it. I have heard all of this talk about people putting together their own plans, et cetera. We have a lot of people in hotels, in relatives' homes across the country who

want to come home, but would like a nice trailer to come to. Now given all, whatever the other things that you must do, all I want to talk to you now about is trailers.

Mr. WELLS. Okay.

Ms. WATERS. I want the trailers that are being manufactured that somebody is making a lot of money on. I want the trailers that are in storage that somebody is making a lot of money on to store. I want them where the mayor wants to put them so that people can live in them. What then do you do about getting more crews, about getting you contractors to do a faster job, hiring more people, putting more people on line. What are you doing to get those trailers operable?

Mr. WELLS. Yes, ma'am. We have been working with the contractors. They have gone up from about 30 travel trailers a day to 500. They are continuing to ramp up; they are continuing to make progress. They are not making as much progress as you want, as we want.

Ms. WATERS. No, no, no, no, not as much progress as I want, but as much progress as the people who have been displaced would like to have.

Mr. WELLS. Exactly.

[Applause.]

Ms. WATERS. Again, you cannot keep, you have to take this heat today. You are here.

Mr. WELLS. I can—

Ms. WATERS. Do not take it personally, but you are here to answer this. You keep setting dates by which these people have to be out of these hotels. You keep talking about people making plans. But you cannot match the dates that you are putting out there. You cannot match those dates in assisting people to have this housing. And I want to tell you, FEMA kind of led me to believe they were not getting authorizations, Mr. mayor. That is why it is so important to get this cleared up today.

Now you say that your contractors are doing a better job, but it is not good enough, Mr. Wells. They are not being able to get these trailers operating fast enough to get people out of these hotels and into a trailer to have a decent place to live even by your deadline date. What then is the answer? What is Mr. Pauleson or whoever has that responsibility in FEMA, what are you going to do to rectify this situation? Did anybody tell you before you came here?

Mr. WELLS. We have tried other things, too, a new initiative where we are working with New Orleans, GNO, Inc. in New Orleans.

Ms. WATERS. What is GNO, Inc.?

Mr. WELLS. Greater New Orleans, Inc. and others in the State to where FEMA can lease an entire apartment complex from an owner and put eligible applicants into that complex. That is a relatively new initiative that we kicked off about 3 weeks ago to supplement the travel trailer, mobile home program that we have.

Ms. WATERS. So you cannot get the travel trailers up fast enough. And now you are looking at some other alternatives by which you can lease whole complexes?

Mr. WELLS. Yes.

Ms. WATERS. To place people.

Mr. WELLS. Yes.

Ms. WATERS. But you have not gotten that done yet.

Mr. WELLS. We are working on it, yes, ma'am.

Ms. WATERS. Now let me ask this; we have a lot of people who are unemployed. We have a lot of people who would like to come home and have a job. One of the reasons I am interested in these travel trailers getting up is not only to have a better quality of life, but so that people can have some jobs, so that they can earn some money, so that they can help put their lives back together.

One of the things that I am hearing is that they do not have enough workers in the restaurants. I was in a restaurant last night that normally has 500 workers, employees and they were working managing three restaurants with less than 200 employees. And there was one third the number on the floor last night they are supposed to have. This is never going to happen until we get the people back. So what then do we do, because I want the crews.

We cannot wait until Fluour and Shaw and the rest of them find a way by which to do what we contracted with them to do. We need to expand that—and this business about leasing, that is okay too. If you are going to lease, but you cannot lease and say that you are going to do it for 6 months and if we have not done the trailers, people are going to have to get out of the places that we leased. The reason that I like the idea of trailers is that you are not going to have to any deadline dates by which you are going to kick people out on the street and hopefully that would be the transition until we can get people into permanent housing.

Mr. TAYLOR. Will the gentlewoman yield?

Ms. WATERS. Yes.

Mr. TAYLOR. The gentlewoman from California needs to know that a deadline has been set for occupancy of the trailers and it is 18 months from the day of the event. So if you do not get you trailer for 12 months, then you only get to live in it for 6 months. That is the rule. Now the rule can change, but that is the rule as of this moment.

Ms. WATERS. Mr. Taylor, when we get back to Washington, with the help of our chairman, we are going to introduce whatever legislation that is needed to repeal that. I do not think it is even in law; it must be a regulation of some kind developed by FEMA. So we will take care of that. We are not going to have a deadline date on the trailers. Okay, members of this committee? Mr. Taylor, we are not going to have a deadline date on the trailers.

[Applause.]

Mr. WELLS. It is a statute, but the statute does allow for an extension.

Ms. WATERS. Well, we need to repeal that, Mr. Chairman. There should be no deadline date on the trailers.

Well what you are telling me is that you do not have any answers.

Mr. WELLS. No, ma'am, that is not what I am telling you.

Ms. WATERS. Yes, you are.

Mr. WELLS. No, ma'am. What I am telling you is that we are doing everything as fast as we can with what we have got and we are putting 500 families into homes, travel trailers every day. We

are putting about a \$1 million every hour into individuals' and families' pockets.

Ms. WATERS. That is not good enough.

Mr. WELLS. I know it is not good enough.

Ms. WATERS. Let me tell you; we spend a \$1 billion a week in Iraq.

[Applause.]

Chairman NEY. I just want to say that we have got to have some decorum in the audience because this will take time away from listening and from answers, so if we could please have your indulgence. Keep your enthusiasm, but let us have your indulgence to try not to have any display.

Ms. WATERS. We can go on with this, but now it is very clear to me. At least we have cleared up, Mr. Mayor, it is not your lack of authorization. It is your inability to have enough crews by which to do the completion work to make those trailers work. And you are slow in being able to use the alternative that you have attempted to describe, of leasing the apartment complexes—that is clear to me.

Mr. WELLS. There is more to that; it is not that simple. This not a simple issue. This is not a simple problem. Part of it is the authorization. We put—let me give you one example. We put travel trailers into a travel trailer park we have. And a councilman took them out. He took them out. That is true; that happened.

Ms. WATERS. Just a minute.

Mr. WELLS. Yes, ma'am.

Ms. WATERS. You are going to tell me that a city councilman took his truck and backed up and pulled out trailers out of a park? Is that what you are telling me?

Mr. WELLS. I did—not exactly. I am saying he said we had to—

Ms. WATERS. I do not care what he said. What did he do?

Mr. WELLS. We took.

Ms. WATERS. Why did you take them out?

Mr. WELLS. Because the city councilman said.

Ms. WATERS. The city councilman does not have the ability to make you pull out trailers from a trailer park. Why did you do it?

Mr. WELLS. We are supporting the local officials.

Ms. WATERS. Oh, wait just a minute. Mr. Mayor, I know you have land use authority. If the trailers were there in the first place, somebody authorized them to be there. I suspect it was the mayor and the mayor's office who authorized them to be there. Since when or how, maybe there was a vote that was taken in the city council. And maybe there was a vote that overrode the mayor. But if there was a vote that overrode the mayor, with some kind of law it would have had to be signed by the mayor or vetoed. How then did a city councilman make you come and take out trailers that you had put down.

Mr. WELLS. He did not make us. We work with the mayor, the parish presidents, city councilmen because this is their domain and we do not set up group sites unless we get their approval. That is a problem too because we do have people who do not want travel trailer parks.

Ms. WATERS. We know that. We know we have people that do not want trailers. Mr. Mayor, how did it happen that there was author-

izations for trailers to be put down and FEMA went and took them out because some city councilman did not want them.

Mayor NAGIN. You know, the city council did express concerns about some trailer sites. And there was a period of time when there was a veto and an override of a veto and then basically we cleared it up by basically saying as long as the city is in a state of emergency that I have full authority on designating these trailers sites. So we went through a period of time when that was not clear to FEMA. It was always clear to me. But obviously, it was not clear.

Ms. WATERS. So am I to understand that FEMA is not going to go back and take out trailers once you authorize them?

Mayor NAGIN. You are going to have to ask them that. But let me just point out something to you. I approved 8000 travel trailer sites. And we went through this process and got to an understanding on those. But there are still 21,000 requests for individual sites on individuals' homes that if we put some focus on that, I think that we can make some serious progress.

Ms. WATERS. He does not have the crews to get them done. You do not have the crews to get them in those 21,000 sites, is that right?

Mr. WELLS. In what time frame are we talking about?

Ms. WATERS. Yesterday.

Mr. WELLS. No, I do not. I cannot do it by yesterday.

Ms. WATERS. How long will it take you to do it?

Mr. WELLS. Right now, I can promise you 500 a day because that is what we can do.

Ms. WATERS. Okay, how do we increase that from 500 to 1000 a day? I know we are not going another 5 months with this business. How—how do we increase the number of people who are involved in putting these trailers in, the crews that you need? How do you do that?

Mr. WELLS. We do that by working with the contractors and giving them quotas and working with them and helping work through the problems. One example is they came back and they said they had a problem because Entergy was in bankruptcy and they did not have enough crews and they were prohibited from working on weekends. They were prohibited from working overtime and they did not have enough crews for the electrical part that Entergy is supposed to do. So the Federal Government spent \$20 million to get a contractor to do the part that Entergy is supposed to. And then Entergy then came back and said we have got to inspect the stuff that we asked you guys to do. And that created another delay.

Ms. WATERS. So what you are telling me is that—is it Entergy.

Mr. WELLS. Entergy, yes, ma'am.

Ms. WATERS. Was supposed to do the electrical work, is that right?

Mayor NAGIN. Inspections.

Ms. WATERS. Inspections. They went bankrupt, is that right?

Mayor NAGIN. That is correct.

Ms. WATERS. And you contracted with someone to come in and do the inspection work that Entergy was supposed to do, is that right?

Mr. WELLS. Not exactly. We actually did some of the work that they were supposed to do, running the power from the street all the way to the house or to the travel trailer.

Ms. WATERS. Okay, so you did the work, whoever did the work. And then, Entergy came back and told you that they had to do the inspections. Because if they did not do the inspections what was going to happen?

Mr. WELLS. Put the meters in, we wanted to put the meters in and they said, no we have to put the meters in. We said, we can put the meters in and so, it was a matter of them putting the meters in, running the last part and doing the inspection.

Ms. WATERS. Excuse me, Mr. Mayor, why then could not FEMA who claimed it had to pick up where Entergy dropped the ball, why could not they just complete the work? Who cares what Entergy thinks at this point? What happens if they do not do the inspections and they did put in the boxes and they did do the inspections, what happens?

Mayor NAGIN. I am not that close to it. You know, I would think you would have to get meters from Entergy, right, Scott?

Mr. WELLS. You do, but they wanted to do the meters themselves and we said, just let us do the meters because you do not have enough folks. And you cannot, you know, you cannot work overtime and on weekends.

Ms. WATERS. Excuse me, the meters. Where do you get the meters from if you were going to put them in?

Mr. WELLS. I got them from Entergy.

Ms. WATERS. Is there anyplace else you can get them other than Entergy?

Mr. WELLS. I think it is a matter of protocol.

Ms. WATERS. I do not care about protocol. Where else could you get the meters?

Mr. WELLS. I do not think that is the issue, ma'am.

Ms. WATERS. Well, I am asking you. Do you know whether or not you could have gotten the boxes someplace else?

Mr. WELLS. What I know is that Entergy, for whatever reason, did not do what they normally do for their part for the electrical part. Without electricity, you cannot put travel trailers in; that is what I know. What I know is we did a work around by doing—by obligating \$20 million to try to do that part. We put the \$20 million, we put the contractor out and it still did not work because of Entergy not allowing us to do the full part that we thought we were going to be able to do. That is the part I know, and those travel trailers never got electricity.

Ms. WATERS. Excuse me, Mr. Mayor, how is it that Entergy can stop you from doing what needed to be done to get those trailers hooked up to electricity? How would they stop you? They put a gun to your head?

Mr. WELLS. We can put—the travel trailers are there, ma'am. They are sitting there; the travel trailers are there; they just do not have electricity.

Ms. WATERS. What do we need to do to put the electricity in?

Mr. WELLS. We need Entergy to do their part.

Ms. WATERS. What if Entergy does not do it; would you wait forever if they decided that they could not do it? Is there another way to do it?

Mr. WELLS. We talked to the mayor; we talked to the Governor; we had a meeting. We got fixes in place; that is being fixed.

Ms. WATERS. No, I asked a question. If Entergy never really cooperated with you, what would be the alternative? Would you wait forever and just sit there and say it cannot be done if they did not do it? Is there another way by which to get it done?

Mr. WELLS. I do not know of another way, no.

Ms. WATERS. Why is that, sir? Why is it that nothing can be done? Let me tell you why I am asking. I am asking because as I understand it, in New York with 9-11, they brought people in from all over the world to do what needed to be done in order to get that city up and running.

[Applause.]

Ms. WATERS. They had people who even came and went underground and underwater and did mapping. They had that electricity back up. I want to tell you what is shameful. It is shameful for us to be here today and to go through communities that do not have basic electricity. Do you know what one of the big issues is with Iraq? Getting that electricity up and that energy going. I cannot imagine why it cannot be done here in New Orleans. Now FEMA, tell me if Entergy did not cooperate with you, could not do, would not do, would you sit here forever and not get it done?

Mr. WELLS. No, ma'am, we are not sitting here forever. That is why we got the \$20 million. That is why we went to see the Governor and the Mayor. We put fixes in. This is a progressive thing; as we see problems, we fix the problems. We do not sit around and say oh, we cannot do that.

Ms. WATERS. But you are talking about it is going to take you 6 months to put in the mayor's 21,000 trailers. But you are saying that people have to be out of their hotels by March. And you are also saying that you do not have the leases done on the alternative sites, leased sites that you are talking about. So you know that there is a date certain again that you are trying to get to. But you cannot tell me that you are going to have these 21,000 trailers up for another 6 months maybe because of Entergy and your contractors who are not able to do it fast enough; but you do not have any other alternative. Is that what you are telling me?

Mr. WELLS. No, ma'am. What I am telling you is that we do have alternatives. We have several hundred brand new travel trailers, mobile homes, brand new, ready for occupancy in other parts of the State and we cannot get people in them. They are available. They are new. The keys are ready to go. Ready to move in. It is just not where people want to go.

Ms. WATERS. Well, let us not go there. Let us go down to this 21,000 the mayor has got authorized. Before we do that because we have not even talked about Mr. Taylor, who talked to you and thanked you for what you have done. But he talked about how many other people are waiting. We have not even gotten to Mississippi yet. But while we are here in New Orleans, tell me how you are going to get 21,000 trailers that have been authorized by the mayor in in the next 30 days. Thirty days, just tell me that.

Mr. WELLS. Twenty one thousand in 30 days, that is just not going to happen. Based on the capacity we have now in New Orleans, that is not going to happen. We do have brand new trailers, mobile homes ready for people to move in. They are just not in New Orleans. People are not—I think it is very important, and you have come here to learn. I think it is a very important message to get out. Two things, one that FEMA is committed that anybody that had losses and is eligible for FEMA assistance is going to have a viable option for housing. They are going to have money in their pockets to rent an apartment or a home or they will have a travel trailer or mobile home. They may not get their first option. They may not get an apartment or mobile home or travel trailer in the New Orleans area for several months because the infrastructure is just not there.

Ms. WATERS. Mr. Chairman, I am going yield back my time. But let me tell you this, Mr. Wells. I do not want you to take this personally. First of all, I just do not believe you. I do not believe you because, number one, what you have not shared with this committee is the notion that each of those individuals in hotels that have been threatened with a deadline date have to come up with a plan. We have not talked about the plan at all. And this plan is a plan by which they must submit to FEMA that they had thought through where they are going, how they are going, how long it is going to be, et cetera, et cetera.

Now let me tell you, Mr. Wells, and I will tell Mr. Pauleson this. It does not make good sense to me because I saw a woman on television about 70 years old who does not know what the hell you are talking about when you talk about a plan. And you do not have anybody there to assist her in putting together this so-called plan. She does not have an alternative; that is number one.

Number two, I do not care what Fluour's problem is. I do not care what Shaw's problem is. I do not care what these big contractors who have got no bid or bid contracts—I do not care what their problems are. The fact of the matter is we need them to deliver. I am not here to tell the people of New Orleans or Mississippi to be patient. And I do not want to get anybody in trouble. But I am not George W. Bush to come here to try to make people feel good about the position that they found themselves in. I am here to try and find out what is wrong with this system, why we cannot have electricity, why we cannot have trailers, why we cannot move people out of hotels. I am here because there are hotels telling people they want them out by Mardi Gras time. I am here to find out why FEMA cannot do better and even though you think FEMA is doing the best job that it can do, it is not good enough, sir.

And I want you to know and I do not want you to take this personally, FEMA does not have the best reputation in the world. Your response was slow here. People were in that dome and outside of that convention center with America watching begging for help with signs that said please help me, I am drowning. You did not even know they were there. So you do not have a good reputation. And we do not believe you when you say that nothing else can be done. We are here to say that it has to be done. And I do not care about Entergy or anybody else. We have to find the people

wherever they are to come in here and get the work done. It is not fair to ask the people to continue to wait.

[Applause.]

Ms. WATERS. So Mr. Chairman, you have been more than generous with your time. I think at least we have unveiled something here. We have unveiled something here about some of the misinformation that we are getting about the ability to get these trailers on the ground, Mr. Taylor. And we are going to hear some of the same thing I guess about Mississippi.

So with that, I am going to back off of Mr. Wells for a while. I am going to Mr. Pauleson. But Mr. Chairman, what we have got to do is we have to get people on the ground here inside FEMA and these contractors, these contractors, moving this agenda. It is unacceptable what we have heard from you here today.

Thank you, Mr. Chairman.

Chairman NEY. We are going to move on, but I want to make one comment. You have got to understand too in Washington since this started, we have been on this issue because the trailers seemed the way the people could remain here versus being scattered across the country. But in D.C., it has been quoted, I think it has been quoted, that thousands of these could be produced with the drop of a hat. That is what we have been told. And FEMA—in fact FEMA asked for an unusual amount of these trailers and then was criticized by some people, what do you want all those trailers for? It was like 100,000 of them, I think, they requested when this started if I remember correctly.

Ms. WATERS. They did.

Chairman NEY. I want to know what happened with those.

Ms. WATERS. And I still want him to reiterate how many are sitting in storage somewhere. And where are these storage places? How many trailers are completed and sitting up there that you would draw on for this 550 per day that you can put up?

Mr. WELLS. Well, it is a just-in-time thing. They come from the manufacturers every day. Within the State of Louisiana we have 2000 or 3000, about 2500. But they come in every day. Again, that is not a limiting factor for us. We are never for want of a travel trailer.

Ms. WATERS. Okay.

Mr. WELLS. That is not keeping us—we never say oh, there is not one there, so we are at work stoppage. That is not causing work stoppage.

Mr. JEFFERSON. What does he need to get this production up from 500 a day to some other number? What is required to do that?

Mr. WELLS. We need I guess two things. And the first thing that we need is more contractor capability and we do need to get the group sites, approval for more group sites. It takes awhile to get these group sites up. An individual site—

Chairman NEY. Who approves—two questions. Entergy, just for my edification, that is a private company, correct, Entergy?

Mr. WELLS. It has some relationship with the city; maybe the mayor can elaborate on that.

Chairman NEY. Oh, it is; is it a muni?

Ms. WATERS. It is private.

Chairman NEY. It is not a muni; it is a private utility. Then you just made the statement and I interrupted myself and I forget exactly how you said it. Site approvals. What is that? Is that a problem within here? What is the site approval problem you have got?

Mr. WELLS. For individual sites, it is not an issue because if an owner calls up and they are trying—

Chairman NEY. I saw some today.

Mr. WELLS. But for group sites where we have to put renters in the group sites, the local officials have to approve that.

Chairman NEY. Would you call that a mobile home park?

Mr. WELLS. Yes. A mobile home park, travel trailer park.

Chairman NEY. Okay.

Mr. WELLS. Yes, sir.

Ms. WATERS. Mr. Chairman, that is not the problem because it does not matter whether it is an individual site or a group site, you cannot get them done.

Mr. WELLS. Ms.—

Ms. WATERS. You cannot get them up because Entergy and the contractors cannot do the work that you need to be done, you need to have done in order to get them up. Now as I understand it, these contracts that you have, you have an escape clause in the contract with Fluour, is that right? You can get out of these contracts any time you want. Do you have an escape clause if they are not performing to the capacity?

Mr. WELLS. I am sure there are provisions for that, yes, ma'am.

Ms. WATERS. I beg your pardon. You have escape clauses. Does anybody know this stuff. Who has—who knows what the contracts entail here? Have you seen a contract?

Mr. WELLS. I have not read the contract, no, ma'am.

Ms. WATERS. So you do not know about whether or not there is an escape clause?

Mr. WELLS. I know that we can get out of the contract. I mean the limit—the agreement for the contract, they have already met that.

Ms. WATERS. Let me ask you something. If you hired 100 new small businesses and gave them X number of trailers to put up, could you not get that done?

Mr. WELLS. We have tried things like that.

Ms. WATERS. Ah, come on.

Mr. WELLS. I will give you two examples. We went with two parishes. We went with St. Bernard Parish and with the parish president; we gave him 50 travel trailers and he is hiring people to install those. So that is an option. That is an option for parish presidents, the mayor, anybody. We will give them travel trailers and they can hire people to install them. We are doing that.

Ms. WATERS. Wait just a minute. If you give them the travel trailers, do you give them the FEMA money that comes along with it?

Mr. WELLS. Here is how it works.

Chairman NEY. We are going to have to move on.

Mr. WELLS. We give them the travel trailers. They would hire somebody to haul and install and then submit the bills to us under public assistance. And we could reimburse them.

Ms. WATERS. No, let me—I am going to leave this alone. Mr. Taylor, Mr. Melancon, we need to take a look at this. We need to take a look at it because—if they have the ability to hire people to do this work, you are talking about a city with no money and you are asking them to go out and contract with no revenue streams and wait for you to reimburse them. I would not trust FEMA to reimburse me once I made a contract. That money needs to flow, Mr. Melancon, ahead of time so that they have the money in the bank by which to pay local small businesses to get this work done, and I am going to leave that with you.

Mr. MELANCON. If I could, Mr. Chairman. Most of the small contractors that are doing the work are calling and complaining because they are not getting paid fast enough.

Mr. TAYLOR. Mr. Chairman, if I may.

Chairman NEY. And I would note we have a second panel, and out of due respect to them we have got to move on.

Go ahead.

Mr. TAYLOR. To this point, what you are going to find tomorrow in Mississippi is that since the storm, about 95 percent of the work in my Congressional office has been exactly to this point. To Ms. Waters' point, Ms. Waters, please.

Ms. WATERS. Yes.

Mr. TAYLOR. Okay, since, for whatever reason, the gentleman did not answer the question, it takes three things to set up a travel trailer.

Ms. WATERS. Okay.

Mr. TAYLOR. You have to send a crew out to identify where the sewer line was.

Ms. WATERS. Okay.

Mr. TAYLOR. You have to have running water.

Ms. WATERS. Okay.

Mr. TAYLOR. And you have to have electricity.

Ms. WATERS. Okay.

Mr. TAYLOR. You or I could probably go and find some healthy eighth graders and in a matter of hours train them to do the water and the sewer, PVC pipe—no I am serious. PVC pipe is very easy; hooking a water hose is very easy. The technical part is the electricity.

Ms. WATERS. Okay.

Mr. TAYLOR. In that you can either burn up the trailer and the occupants or kill the person hooking it up. That does require a skill.

Ms. WATERS. Okay.

Mr. TAYLOR. Now what I have been frustrated about in Mississippi is just the opposite. In Mississippi, why I am frustrated is you are sending out one crew to erect a temporary power pole for the electricity to go to the trailer. But the power company is also sending out another crew to go from the street line to the power pole. And what I have been begging FEMA to do is to combine that. Just send one crew out and whoever is going to run it from the street line to that power pole is also the same company that is going to run it to trailer. There is no reason to send—to duplicate that effort. There is always one more reason why something does not get done. And one of the things I would hope this task force

would look at is in the future give FEMA the authority to just get one person to this and get it done. It is going to require some tweaking of State laws and municipal codes.

Now the second thing you are going to discover and you are real close to getting there yourself. The folks who got these contracts are not paid by the trailer. They are on cost-plus contracts. They are paid for every mistake. And they are paid a percentage on top of their mistakes. They will haul the trailer to the site, determine that it is not right, bring it back to the staging yard, they get paid. They will send a crew out tomorrow to do the same thing, haul it back to the site, they get paid. They get paid for all of their mistakes. No one else in America gets paid for making mistakes.

So again, maybe the gentleman was not at liberty to say it. I will tell you we need to take a very serious look at these contracts. Because in the case of Mississippi our contractor was Bechtel. I called a member of the Bechtel family and tell them what shabby work they were doing in Mississippi and they do a lot of work for the Department of Defense. If they are doing work this bad in my backyard, what are they doing in Iraq?

So, again, I did not want to monopolize this, but I would hope the chairman would make a few minutes to take you to a site where we parked a trailer in Mississippi tomorrow morning so I can walk you all through this. Because I am glad that you are addressing it. It has to be addressed because this is not the last natural catastrophe that is ever going to hit this Nation. We need to get these folks; we need to get my folks. And for the next time that it happens, we have got to do a heck of a lot better.

Thank you, very much.

Ms. WATERS. Thank you.

Chairman NEY. Mr. St. Julien. And then Mr. Williams.

**STATEMENT OF MTUMISHI ST. JULIEN, EXECUTIVE
DIRECTOR, FINANCE AUTHORITY OF NEW ORLEANS**

Mr. ST. JULIEN. Thank you very much. I am Mtumishi St. Julien of the Finance Authority of New Orleans.

As co-chair of the housing committee of the Bring Back New Orleans Commission, we hosted a mortgage bankers summit and we used it as an opportunity to bring together the entire industry of large mortgage bankers, the GSE, all the major services, and so forth to come and discuss what we will really need to make sure that the funds are spent properly and how to get the financial industry back into this.

I have a whole list of things and I ask that this committee allow me to put this in the record.

Chairman NEY. Without objection.

Mr. ST. JULIEN. Plus, they added the minutes of the mortgage banking summit so that you can have that. I will be willing to discuss this in more detail with your respective staffs. They have a whole list of what the financial industry calls esoteric issues which will help. For example, Congress increased the home improvement from \$20,000 to \$150,000. Wonderful, great, we need that. The problem is that home improvement in the Section 143 of the Internal Revenue Code is primarily a second mortgage product. Well, FHA does not have insurance for single family products. So again,

what happens is the lender is a little discouraged from using that and we need that.

That is just an example of the list of things that we can have, we can discuss.

On the issue—and ranking member, I just wanted to make a comment; we are a governmental agency. We have a unit of 236 units as a governmental agency. The Stafford Act allows us to get public assistance from FEMA. We set up the Willows as a 501(c)(25), which under the Internal Revenue Code is an instrumentality of Government. But somebody made a decision that we needed to be treated just like 501(c)(3)s, which has a different standard in the Stafford Act.

So when the issue comes up whether FEMA can come in, removing the reimbursable basis, they have the power to come in and help us deliver 236 units almost immediately if they would just come in and help us. We have essential employees that need housing. We have police; we have firemen; we have teachers; we have other people who need housing—that is an alternative.

Another alternative to this discussion about FEMA is if the trailers, other than the cost of probably the labor time, the contract is \$75,000 a trailer. We have thousands of units that had relatively minor damage that FEMA can come in and use that \$75,000 to help fix that unit under the condition that the owner will give them a lease to get our people back in the city. Our people want to come back in the city. It is important that we get them back in the city because New Orleans has made and continues to make great contributions to this country. Not only with oil and gas, oil and gas does not come up from the ground by itself. It is the people who bring this to this country. The culture that people all over the world love and it is our people, it is really poor people that have developed a lot of this culture.

I was blessed during the holidays to spend Christmas and Kwanza in Ghana in talking to people there. There were a few chiefs who said that they had tears in their eyes looking at CNN at what happened. They envy this concept of the American dream that they see in America, that people want houses, that we have a financial institution that can help deliver houses. But now they are starting to wonder whether this issue of this value that we broadcast all around the country of the American dream is really a value or is it merely propaganda. They are waiting and they are looking.

Congress has a long history of taking leadership in housing. When this country was in trouble during the Great Depression, it was Congress who stood up. It was Congress who thought out of the box, came up with this idea of this insurance company that could help people buy homes. So they created FHA in 1934. It was Congress, when this country had liquidity problems throughout the banks, and they said okay, we will collateralize this. So they created Fannie Mae, Freddie Mac, Ginnie Mae to solve that particular problem. Now Congress can continue that legacy and you have a bill before you from one of your Members, Congressman Baker, which we support that bill.

Why we support HR 4100 is because our people followed this American dream. They were told as poor people that if you buy a

house, if you pay your mortgage on time, you can do like the 19th century immigrants did and pass this on to generations. This is part of the American dream; this is what you have to do to be there. They have done that, but because of no fault of their own, primarily a man-made disaster, they lost everything. To make this American dream real again, not only to us, to let our people know that this is a real value in this country, but to tell the people all over the world that this is a real value and not just propaganda, we need to help make our people whole. We think that Congressman Baker is on the right track. HR 4100 is very, very important to be able to give our people some of the equity that they need so they can have those choices and rebuild. They want to come home. They will come home. They need to come home.

Thank you so much.

Chairman NEY. Thank you.

[Applause.]

Chairman NEY. We will move on to Mr. Williams. I just want to note again, we passed that piece of legislation out of our committee and so we need to get it to the floor of the House and then over to the other body.

Mr. ST. JULIEN. Thank you so much.

Chairman NEY. Mr. Williams. And we are going to have to move to the 5-minute rule. I will let you know when your time is expired and the members, we will have to try to hold to it because we have got another panel and I want to make sure we get that panel in.

[The statement of Mtumishi St. Julien can be found on page 172 in the appendix.]

STATEMENT OF CHARLES H. WILLIAMS, DEPUTY ASSISTANT SECRETARY, MULTI-FAMILY HOUSING, DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT

Mr. WILLIAMS. Mr. Chairman and ranking member and members of the committee, I am Hank Williams with the Department of Housing and Urban Development. It is a privilege to talk with you today, especially as we are going to be able to address some of the concerns that Representative Jefferson brought up earlier. We think that is a very important part because the Department is very focused on the importance of housing as it impacts the recovery in this area.

I ask that you accept the department's written statement, which contains a lot more detail, as part of the record.

Chairman NEY. Without objection.

Mr. WILLIAMS. The Katrina, Rita, and Wilma disasters thoroughly tested all us as far as our abilities to handle disasters, and the President has directed Federal agencies to adapt to the extraordinary challenges presented by the most extensive natural disaster in this Nation's history. Responding to the President's direction, Secretary Jackson mobilized the resource of HUD and I would like to describe just a few of the many efforts undertaken to help people recover and rebuild from the devastation caused by these hurricanes.

Mr. CLEAVER. Mr. Williams, we cannot hear you.

Mr. WILLIAMS. HUD worked with FEMA in the early days of the disaster to get housing assistance to those who had been displaced

and uprooted by these hurricanes. This partnership along with other partnerships with USDA, VA, HHS, and others demonstrated the dedication to providing the housing assistance. Some of the best examples of those joint efforts were the Katrina Disaster Housing Assistance Program. Everything in the Federal Government needs an acronym and that is called KDHAP. KDHAP and the Joint Housing Solution Center, which we call JHSC, were established to address housing issues specifically.

It was also provided—HUD also provided hundreds of staff members to staff the disaster recovery centers throughout the Gulf Coast area and also to participate in other disaster relief efforts. The program offices at HUD were aided in the recovery process as well—have aided in the recovery process as well.

Administered by the Office of Community Planning and Development, the Community Development Block Grants (CDBG) Program is a very, very powerful rebuilding tool. As you know, the President recommended funding for CDBG to assist local communities with their planning and the recovery and rehabilitation process. The Congress and the President approved \$11.5 billion in additional CDBG funding as well as almost \$400 million for public housing authorities to assist in the recovery and housing efforts.

In addition, Community Planning and Development issued waivers of more than 40 requirements within the existing grant programs for the States of Louisiana, Mississippi, and Alabama in an effort to increase the flexibility to use their current resources for the disaster relief. For an example, CPD issued a series of waivers in the home program that included self-certification of income, elimination of matching requirements, and greater flexibility to help these very low income families receive tenant-based rental assistance and to rehabilitate and buy their homes.

Office of Housing took the lead and was the original and first one to implement a 90-day moratorium on foreclosures. And this was in all the disaster relief, disaster declared areas for both Hurricanes Rita and Katrina. Then on November 22, Secretary Jackson and Commissioner Montgomery extended that foreclosure moratorium for an additional 90 days to February 28 of 2006, for all those counties that were in the declared disaster areas. This extended foreclosure relief will provide mortgage companies additional time in which to confirm the homeowners' intention and ability to repair their home and then to resume mortgage payments and to retain home ownership.

In December, the department took an additional step which was to provide a retention opportunity for those homeowners with FHA-insured mortgages that worked or lived in the presidentially declared disaster areas. Under this initiative, HUD will advance to these homeowners up to 12 months of monthly payments so that they will be able to forego payments during this period of time when they are trying to re-establish their homes and to find employment. This was an unprecedented step, one that was taken for the first time and was a very creative process that the HUD went through to try to determine what our resources were to be able to do this. And this can help up to 20,000 families that are seriously impacted by the hurricanes.

Chairman NEY. Time's expired. If you would like to summarize—time's expired, if you would like to summarize.

Mr. WILLIAMS. Sure. In addition, there are several other programs that were very extensively thought through and evaluated to be able to provide the resources that would help in this particular disaster. And the HUD staff worked very diligently to be sure that these programs not only matched up with the need but were delivered expeditiously.

Chairman NEY. Thank you.

Mr. WILLIAMS. Thank you.

Chairman NEY. Mr. Wells, I think you already—

Mr. WELLS. I want my 5 minutes.

Chairman NEY. There you go; you have got your 5 minutes. I am not going to arm wrestle you.

STATEMENT OF SCOTT WELLS, FEDERAL COORDINATING OFFICER FOR DR-1063-LA, FEDERAL EMERGENCY MANAGEMENT AGENCY, DEPARTMENT OF HOMELAND SECURITY

Mr. WELLS. I want Ranking Member Waters here too. Is she here? Thank you, and thank you for coming. It is very important to come see this and connect emotionally. We see this every day.

We are trying to do the best that we can. But it was a catastrophe; it was a big disaster. There is no infrastructure in St. Bernard Parish. There is virtually no infrastructure in New Orleans. It is tough. I wish we could have had a more thoughtful approach because it is not one problem—it is not the contract; it is not Entergy; it is not the city; it is not the parish; it is not FEMA.

It is a big disaster with many problems. We are doing better than we have ever done in doing what we are doing in helping these communities recover in travel trailers and mobile homes. We are doing the best we can. We are stretching everything we can. We have gotten better. We will get better.

All that being said, we know this is not enough. We are going on 5 months. We realize people are not getting on with their lives because they do not have a permanent type of housing.

The difference between the discussion we had today, at least my part, in what the Federal Government, what FEMA does and what some of the expectations are, there is a divergence. Our focus, our commitment, is to get anybody that is eligible that had losses from Katrina or Rita to give them some viable options. The Stafford Act allows us to do that.

We do that by basically two ways. Give people money so they can rent an apartment, a house, a condominium, or something, rental assistance up to 18 months and that can be extended or give them some direct housing in the way of mobile home or travel trailers. We are doing that. Most everybody has gotten money.

The last thing that I want to say is, and this is very important, we have people who are not—who want to have their first option. They want to come back to New Orleans. They want to come back to St. Bernard. They want to come home. I want to go home too. I have got a home to go to. But I am not going back to my home until these folks get their home. But everybody is not going to get their first option right away. There is a cold hard fact in that peo-

ple that lived in this area will not be able to come back for months or maybe years because there is not the housing stock to do that.

That does not mean they do not have a viable option. They do. They will have rental assistance. We have mobile homes and travel trailers in other parts of the State. So we are not leaving people homeless. There is an option. There is a bed; it is equipped; there is electricity; there is water. It just may not be where they want it. It may not be their first option, but we are not turning anybody away. There are places for them to go. That is our commitment.

Thank you very much.

Chairman NEY. I appreciate your time.

Questions? The gentlelady from California.

[The statement of Scott Wells can be found on page 181 in the appendix.]

Ms. LEE. Thank you, Mr. Chairman, I would like first of all to go back to a couple of issues that the mayor raised and just see if Mr. Williams or Mr. Wells or Mr. St. Julien could answer or clarify those issues.

First of all, the mayor indicated that he still does not know where a lot of the residents of New Orleans are. And he cited, and he mentioned this to us in Washington, D.C., some issues around privacy. And as one who cares about and values our privacy laws, I mean, and who is very much against the domestic spying that is taking place now and the surveillance and wire tapping, I share and understand the reasons for privacy. However, I also know that oftentimes agencies play a lot of games with our privacy laws.

And this morning, on the tour we asked about, first of all, how many residents were unaccounted for and we heard that there could be up to 3000. And secondly, hearing now from the mayor with regard to still not knowing where people are, I am wondering—but yet we heard that HUD may know where public housing residents are, 95 percent of them. I am wondering why the mayor does not have this information and what the privacy rules are as you see them that is prohibiting the mayor from receiving the information that he needs and that everyone needs so that families can be contacted, individuals, and assisted in their return home.

Mr. WILLIAMS. Let me respond from HUD. We do have a good understanding of where most, 95 percent, of the public housing residents are. And that represents about 9600 families within the metropolitan area. But we can also provide contact information and if there were materials that the mayor wanted to provide to those individuals, it is our understanding that we can provide that to them. So we can work with the mayor's office to provide that information to them.

Ms. LEE. But, Mr. Williams, I guess then I am wondering why that has not happened. What is going on in terms of—is it lack of communication? Is it—what is the deal?

Mr. WILLIAMS. Let me refer to Dr. Moon here is with our local housing authority here. Oh, she is gone. Maybe Milan Osadeck can help us a little bit with that too.

Mr. OSADECK. Madam Congresswoman, I am not aware of any request from the city to the Department requesting information on individual residents. At this point in time, we do have the last

known address of those families that had registered for FEMA assistance. We are using those addresses to send post cards, to try to contact these families, to try to get them assistance through the KDHAP program.

Ms. LEE. Well, you heard the mayor earlier saying that he could not get those lists. So I guess could this committee make a request that those lists be forwarded to the mayor, just out of courtesy, if nothing else? I mean he needs them.

Chairman NEY. If the gentlelady will yield. Is there anything to prevent the mayor from acquiring the list from you?

Mr. OSADECK. I am not an expert on privacy laws, Mr. Chairman, but I can certainly, when I go back to Washington, find that out.

Ms. WATERS. Do not find it out. Tell them.

Chairman NEY. You can give us the list is what you are saying.

Ms. LEE. Can we get the list, this committee?

Chairman NEY. Are we allowed to have the list?

Mr. OSADECK. I do not know the answer to that.

Chairman NEY. Okay.

Ms. LEE. We are not allowed.

Chairman NEY. We will find out.

Ms. LEE. Mr. St. Julien.

Mr. ST. JULIEN. Madam Lee, may I make a suggestion? I mean, this issue, there is some Privacy Act problems involving this. But it is very simple that FEMA ought to have responsibility to send a notice to everyone asking them for their permission to be able to provide that information to the officials so that they can get official information. If people had that option to get that official information about what is happening in their city, most of them will probably say yes. And at that point we will be able to do that.

Ms. LEE. Let me ask FEMA, have you done that? And also, does the Governor have that information? Do we have that information? Does HUD have that information?

Ms. WATERS. The Governor has the information. You gave it to the Governor.

Mr. WELLS. I think we have already provided the information, one. That issue came up on voting and there was a bad disk and the disk was corrected. I think that information has already been provided. So I think that has already happened.

Ms. LEE. But where did the information go. Who was the recipient?

Mr. WELLS. I do not know, whoever asked for it. Some of the State agencies, yes. So they got the information. There is only four criteria that you have to meet. You meet the four criteria, then we provide the information. We are not trying to withhold it.

Mr. MELANCON. It is the secretary of state; the secretary of state is in charge of that.

Ms. LEE. The secretary of state has it?

Mr. MELANCON. I think that he has gotten it now.

Mr. WELLS. I think that is who has it; it is a state agency.

Chairman NEY. Can we just suspend for a second?

Ms. PRATT. The secretary of state—I am Councilwoman Renee Gill Pratt from New Orleans. The secretary of state and the attorney general was going to sue FEMA in order to get the list so that

they can then notify our citizens about the upcoming election and then FEMA turned over the list to the secretary of state. And at that time, that is the only person who could use the list. However, elected officials asked could we also get that list, and they are supposed to go back and ask could they get that list, because our constituents call us every day asking us what is going on. But we have no way of notifying and telling the others what is exactly happening in their own city. So they have to give the authorization so that all can have it.

Ms. LEE. So FEMA should notify the secretary of state to release that information to whomever is requesting it?

Ms. PRATT. Yes.

Mr. WELLS. No. The secretary of state requested it and we gave it to him. Somebody asked it to us; we gave it to who requested it. That is what we have done.

Chairman NEY. So if we requested it, we can have it?

Mr. WELLS. Yes.

Chairman NEY. Okay, then we will request it.

Mr. MELANCON. It took awhile to clear it.

Ms. LEE. Thank you, Mr. Chairman.

Chairman NEY. Mr. Green.

Mr. GREEN. Thank you very much, Mr. Chairman.

Mr. Chairman, I must tell you that I marvel at how we can put a man on the moon, but we cannot put a trailer on a lot—21,000 trailers in 30 days is not impossible for the richest country in the world. For some other countries, it could be impossible, but for this country, that is entirely doable. And I would hope that we would rethink our position on that and try to help this mayor and this city with those trailers in 30 days.

Mr. Wells, I know that you have broad shoulders, and I appreciate you very much. But I just want to share this with you because you are a fellow human being. The comment about the nine women in the room was not well thought through; it really was not. I do not think you meant to offend anyone. But that comment was not well received and I think that if you get a chance, you might want to let people know that you would not say it that way if you had another chance to say it.

Mr. WELLS. Let me just say, I apologize. That was not the intent to—

Mr. GREEN. Thank you. I think you ought to salute him for his apology. I think you should.

[Applause.]

Mr. WELLS. It was certainly not to meant to offend anybody.

Mr. GREEN. I understand. I do believe you.

Now we do have some contradictions that we have to confront. We want to rent apartment complexes, but we do not want to pay rent. And what I am saying to you is you gave us a clear indication, you made it conspicuously clear that you wanted to rent apartments—you want to lease apartment complexes, you want to do that. But we do not want to pay the rent at hotels. I call it rent. When I go to a hotel room, if I do not pay, then I have to leave. But we do not want to pay. We have had Federal judges to intercede and say that evacuees could stay longer than deadlines that had been imposed by FEMA.

So FEMA is at a point now where you need to move from deadlines to life lines. People need to be given the opportunity to stay in place until there is another place to stay. It really is not rocket science. People have nowhere to go. And we cannot just terminate lease arrangements and expect people who are living in strange areas, many without transportation, many with children, some single parents, to just find a place to live. We have to be a little bit more compassionate than that.

I can speak of Houston, Texas, specifically. There was an arrangement made with FEMA to allow the City of Houston to lease property with landlords and pay the landlord and get reimbursement from FEMA. That was the arrangement. Now not you, but FEMA has tried to find all kinds of clever ways to avoid that agreement. We actually had a person that appeared before our committee in Congress who said that while they wanted to terminate those leases, they did not want people to stay there for 12 months because they were 12-month leases. And by the way, many of those landlords would not have leased but for a 12-month lease. He said that we are going to terminate those leases, but we are still honoring our agreement. The question was, how are you honoring your agreement if you are terminating the lease. He said, because we will pay any penalties that we have to pay. So that means we are honoring our agreement because we will pay the penalties. That is clever, but that is not helping people. You were not the person who said that, but I sat in the hearing when it was said.

We sat in a hearing when Congresswoman Waters brought this same question up about this list. This is not the first time. And by the way, the person who was in Congress on that day, he left a few pounds lighter, too. I do not know whether he still has certain parts of his anatomy. But be that as it may, we keep repeating ourselves and making the same request.

I really did not have a question for you. But I have a final comment and that is this, the City of New Orleans cannot resolve this by itself. This State cannot. The Federal Government cannot. But together, we can do this. This is not a big deal for the city, the State, and the Federal Government.

Mr. Chairman, I yield back the balance of my time.

Chairman NEY. Mr. Cleaver.

Mr. CLEAVER. Thank you, Mr. Chairman. Really one question, I guess, to Mr. St. Julien and to Mr. Williams. We had a chance to go to the Desire, the Hope 6 project. And I am familiar with Hope 6 and I spent part of my childhood in public housing. But Desire is one of the most beautiful projects I have ever seen. And I guess if we had 11.5 million more that came into the city, CDBG, what is the—do you have an idea what the annual CDBG allocation is?

Mr. WILLIAMS. I beg your pardon.

Mr. CLEAVER. The annual. The 11.5 was on top of what the city receives annually.

Mr. WILLIAMS. Eleven and one half billion is for the gulf coast and the allocation of that 11.5 billion would be based on the plans that the cities and the States present to HUD to utilize those CDBG funds.

Mr. CLEAVER. That will be competitive funding?

Mr. WILLIAMS. Well, I do not think it is competitive. We have got a person who—I am sorry, did not get the microphone. We have a lady here who is with our CDBG department, our Community Development Department. Would it be okay if I asked her to answer that question.

Mr. CLEAVER. Absolutely.

Ms. FARIAS. My name is Anna Maria Farias; I am the Deputy Assistant Secretary for Grants. And, yes, the \$11.5 billion that Congress passed and the President signed on December 30, Secretary Jackson made it very clear shortly after we got back in January that we were to work very closely with the Governors of all five affected States so that they could start working on the waivers and their plans so that this \$11.5 billion can be used once funds are allocated to the State of Louisiana through the Governor for low- and moderate-low income people.

Mr. CLEAVER. Okay.

Ms. FARIAS. And also in addition you asked, New Orleans does get a certain amount, \$70 million of CDBG, and it is up to the City of New Orleans to decide how they are going to use that money.

Mr. CLEAVER. Yes, thank you.

Okay, the way CDBG normally works is that only certain class cities would go through the Governor in terms of competitive bidding. The major cities in this country do not get that allocation from the Governor. And I guess perhaps I am asking this inarticulately, but is New Orleans going to have to go out and compete with other Gulf Coast areas for a portion of the 11.5?

Ms. FARIAS. New Orleans will have to go through the Governor of Louisiana to get a portion of the money because that is the way the supplemental bill—the Governor of Louisiana the money portion goes to the Governor. The Governor has appointed a Louisiana Recovery Authority and then the city administration.

Mr. CLEAVER. Yes, thank you. That was a mistake then. That was a big mistake. And I am familiar with CDBG, very familiar with it. It was intentionally designed to make sure that the larger areas ended up with an allocation based on disparity; you know the whole deal. And one of the reasons—is this going to be the Governor or is it going to be the Louisiana General Assembly?

Ms. FARIAS. The monies are allocated to the Governor, but what the Governor has to do is they submit a plan to HUD, but they have to allow minimal participation to the citizens. And that means all the citizens of Louisiana, which of course includes the City of New Orleans.

Mr. CLEAVER. CDBG requires a public hearing.

Ms. FARIAS. You have to have a public hearing.

Mr. CLEAVER. That is right; you have to have a public hearing. So we are going to have a statewide public hearing?

Ms. FARIAS. The way the appropriation resolution was signed, that is the way it goes, sir. That is the way it was. The money goes to all five Governors of the five States.

Mr. CLEAVER. Do you see the problem? I mean, I know you cannot answer that question.

[Laughter.]

Mr. CLEAVER. Mr. Williams, we are going to have a statewide—the CDBG regulations requires a hearing; you have to have it an-

nually. And so with \$11.5 billion going to Baton Rouge, we still have to have the public hearing except it is going to be a statewide hearing?

Mr. WILLIAMS. The individual plans that are submitted are reviewed by HUD. And so HUD has oversight on those CDBG grants that are provided. So I know Secretary Jackson has expressed a very strong desire to be sure that there is equity in the allocation of those funds. And so the department will do those things that are necessary to oversee the equity within the distribution of the funds. The statute itself does limit allocations of funds to a certain percentage maximum to any one particular State. I believe it is 54 percent to any one particular State. So it does have some limitation within the statute itself. But also HUD has oversight and participation with the communities in being sure the funds are used appropriately and distributed appropriately.

Mr. CLEAVER. Mr. St. Julien.

Chairman NEY. Time has expired, but if you would like to quickly answer.

Mr. ST. JULIEN. We need help; this is just an observation that you have, maybe not only because we have to do a statewide hearing for something that affects a large city like New Orleans, but we have a unique situation. Our people are spread out all over this country.

Mr. CLEAVER. That is the point.

Mr. ST. JULIEN. We spend a lot of money to get Iraqis who live in this country the right to vote for—in the last election in Iraq. And who were in Detroit and several other places and we need some mechanism and we need some funding to make sure we have public hearings in Houston, in Baton Rouge, in Memphis, in Atlanta so our people can participate and also participate in the vote.

Mr. CLEAVER. Mr. Chairman, I know my time is expired. I am a little familiar with this, maybe more than a little familiar with it. And it may have been our problem; it may have been our error. I can tell you right now as a former mayor having done these hearings for 20 years, this is a mess of major proportions and I think Mr. Williams and the kind lady in the back, they cannot agree with that because they might lose their jobs. But I know they can tell you it is a mess. And talk to them back in the back. It is a mess. It is going to be a mess.

Thank you, Mr. Chairman, I am sorry I went over.

Chairman NEY. Gentlelady from California, Ms. Watson.

Ms. WATSON. Thank you. I am sitting here and very diligently trying to pinpoint what the problem is. The first problem is beyond anything that you can do. And that is when we moved the Emergency Management Agency under Homeland Security. It just gives more levels to go through. And I heard you say, Mr. Wells, that it was protocol.

The Emergency Management Agency should be just that. It should be able to move on a dime. It is not happening. The kind of devastation we saw today leaves you with the thought, what emergency has been addressed out here. We still saw trees uprooted and they are on roofs of houses and the houses are ready to collapse. And we saw rubbish in the streets; it has not been moved. There is nothing emergency about it yet.

I heard very clearly—and you just happen to be the one that is here, Mr. Wells, very little you can do about this. But if I can pin down the stumbling block, that is with the contractors that did not go out to a competitive bid process. I heard you say one of the agencies, a private utility agency is bankrupt? How in the world can you get a Government contract and be bankrupt. Something is wrong in that and I wish there was someone here representing that entity. Can someone explain that to me?

Mr. WELLS. No, ma'am. They did not get a governmental contract. We gave—because they were bankrupt and did not do the things that needed to be done, FEMA hired a contractor to do Entergy's work that they normally do. So FEMA went into a contract with another company.

Ms. WATSON. Can you get rid of the contractors you have now? Apparently they are not delivering. And can you go out to a competitive bid in 30 days and find those that can deliver? I hear the mayor asking for 21,000 trailer units. That ought to be addressed. If the three companies that you mentioned cannot do the job, you need to contract with those who can. And you need to do it within the time span that you have given those who are staying in hotels and you are paying the rent—you need to do it so they can move out of those hotels, move on their property, rental property or leased property while you are trying to restore those neighborhoods. I think that can be done now.

If you get the message from this committee hearing, I would go back immediately and say let us go to contract. Let us get people that can do the job and let us get the 21,000 units up. That would be a step one.

Then you can look at other options too. If you can negotiate to get the apartments, that would be even better. If we can hook up all the areas that are without electricity and sewage disposal in the next few weeks, that would be a tremendous step towards returning the communities. Then if you could decide on who is going to take the rubbish away and where you are going to dump it, that would be another step that will really show progress. I was disappointed when I heard the President say there is progress and we went in the lower 9th ward and I do not see it. I am just here one day. But I do not see the progress. And I am wondering where the Emergency Management Agency is.

But I think that you have indicated to us what the problems are. You have so much bureaucracy, you know, on top of what you do that you cannot get anything done in a timely fashion.

So one of the problems would be for us to do oversight and remove the Emergency Management Agency from Homeland Security. We cannot secure the land if we cannot secure the people on the land. And we are spending billions of dollars 10 and 11 thousand miles away trying to secure people in Iraq and we cannot even help the Americans that are crying for just a place to stay outside of a hotel. So if we can solve the problem of the contractors and get them to deliver what we are paying them for—and you need to find out, I am sure there are people in this crowd here that can help hook up a trailer. We were sent up a letter from Jira Business Services, Incorporated to a Mr. Best. And they were going for a contract, but they were stalled and stymied, so that inside-

boy trading does not work when you are really addressing this kind of emergency. We have got to put a new face on this. America has to become concerned about Americans as well.

Chairman NEY. Time has expired.

Ms. WATSON. So if you can take my suggestion that we find new contractors, get rid of those that cannot do the work. You know, just break that contract and go with those that can.

Thank you, I yield back my time.

Chairman NEY. The gentleman from Louisiana, Congressman Melancon.

Mr. MELANCON. Thank you, Mr. Chairman, I appreciate it.

You know, we are questioning probably the wrong people. The problem is coming from the top. I sit on the Katrina Committee and not very long ago we put on record a letter about trailers and about the program. And it went as far up and was seen by the Vice President that basically said that the trailer idea is worse than originally thought. Per the data provided, the last batch of trailers that we are now purchasing will be coming off the production line in approximately 3.5 years. And Mr. Chairman, if I can enter that into the record, if you do not mind.

Chairman NEY. Without objection.

Mr. MELANCON. FEMA was dismantled, in the sense that it is underfunded, understaffed, and incapable, not because Mr. Wells does not try to do his job. There was requested of the leadership that there be an independent Katrina Commission, just like the 9-11 Commission, to find out what really are the problems and to address them. It would not take care of the needs of Chalmette and Belle Chasse and Venice and New Orleans. But at least it might prevent us in the future from having a disaster that is worse than the disaster that we have already suffered.

I would hope—and Chairman Ney, again, I thank you for your interest and your concern. We have got committees scattered all over the House and the Senate and one hand does not know what the other hand is doing because the information is not all readily available. And the only thing that I would like to ask is that the leader of the House and the leader of the Senate join with the minority leaders and ask for an independent commission and that the President, as I requested yesterday, use whatever executive powers and authorities he has to waive those rules and regulations that hamper people like Mr. Wells and the people from HUD from getting the job done expeditiously.

It is going to be a long toil; I think we all know that. And there is nothing that we can say here today that is going to make it easier on any of us. But I know the people of Louisiana and I have all the faith in the world of their resilience. We can get this State and this Gulf Coast back up to what it used to be. It is going to take time and, again, we are not asking for a handout, only a hand up.

So Mr. Chairman, thank you for everything that you have done to bring us to New Orleans and to Biloxi to try to open this door so that these people can see in and understand what the real problems are.

And I yield back my time.

Chairman NEY. I thank the gentleman. Mr. Taylor.

Mr. TAYLOR. Thank you, Mr. Chairman.

A couple of things, Mr. Williams. My question to you is based on your written testimony on pages five and six. You are talking about a program to advance mortgage payments to people for up to 12 months, you know, while they may have been out of work in order to try to rebuild their houses and stay in their houses. My question is, is that solely for FHA guaranteed loans?

Mr. WILLIAMS. We only have the ability to do it on those that are FHA insured.

Mr. TAYLOR. Do you have any idea out of all the mortgages out there, what percentage of them would be FHA?

Mr. WILLIAMS. The Gulf Coast area, it is about 20 percent.

Mr. TAYLOR. Okay. Mr. Wells, a couple of observations based on what I have seen in Mississippi, you all are just getting started here. But please do not repeat the same mistakes.

We have about 30,000 trailers out in Mississippi. We have over 20,000 quality complaints. I have been to your staging area in Purvis where we actually as a Nation take control of these trailers, the manufacturer delivers them as far as Purvis, Mississippi. Once they come in that yard, they become Government property. At the Purvis yard, a FEMA rep will walk in and turn on the 12 volt lights. He will turn on the gas and hook it up to a pressure gauge. But he does not check the plumbing; he does not check the microwave, for example put a cup in the to see if the microwave is working and warms it up. He does not listen to see if the refrigerator is working. He does not turn on the air conditioner to see if it is working. So what he is not checking on this approximately \$19,000 purchase by our Nation is pretty alarming because once it crosses that yard, if the refrigerator goes out, the air conditioner goes out, et cetera, et cetera, it becomes the Government's responsibility to pay for it. We have to send—instead of doing it all in one place where you can have your crews in one place, we have got to send crews all over south Mississippi to fix it. So the person getting the trailer is disappointed and angry. A great expense to the Nation to fix these things. We need to do a better job upon delivery of making sure we are getting a quality product.

Second thing, snuck on the Bechtel lot, I was told that I could go any time I wanted. I went, did not ask permission, and found 50 trailers where they had taken the thermostat out of this one to fix that one. They had taken the microwave out of this one to fix another one, taken the air conditioner out of this one, leaving a hole in the roof so every time it rained, water came in and ruined the trailer, pulled the window out of this one to fix that one. And again, do the quick math, 50 trailers, approximately \$20,000 apiece, that is a million dollars worth of junk instead of 50 homes for people. And I have not had an adequate answer as to who is going to pay for that. But the citizens should not pay for that mistake that is being made on Bechtel's leased property.

[Applause.]

Mr. TAYLOR. Okay? And again, I say all these things because this is not the last natural disaster. We are getting close to being there in Mississippi, but we are all United States Congress people; we are all responsible to the citizens. We do not want to see that money wasted; we do not want to see those resources wasted. And

we want to make sure if we are going to help people, let us do it in a timely manner and let us do it quickly.

Third thing, and this in the form of a question. I am not going to name names. But there were 50 that had be cannibalized, so that is 50 that were ruined in order to fix a few. But there were about 250 that had been returned and if you walk up on the front they take and mark what was wrong with them. And about 90 percent of them by my count were one manufacturer, without naming names. My question is—and I think that we are buying four of five different manufacturers—is anyone at FEMA telling anyone up the line quit buying this junk or get those guys to straighten up their act? Because that is 250 trailers that people could be occupying tonight that, because of quality defects, are sitting in the yard over on Menge Avenue. Unfortunately the committee does not have time to see Menge Avenue, Pass Christian, Mississippi.

So, again, since you are just at the initial stages, what steps are you all going to take here so that that mistake is not repeated? And what steps are being taken throughout the FEMA organization to keep these mistakes from being made again? Because we do not want to keep making the mistakes every single time we have a natural disaster in this country. You all need to do better. The Nation needs to do better and if this committee needs to pass legislation, tell us. We have got to do better than you all did in Mississippi.

I am grateful for the 30,000 trailers that have been delivered; it could have been done a lot quicker. But my point is if you pay anyone by the hour, it is just natural that they are going to work slower. If you pay them a percentage above their mistakes and for the mistakes, they are going to continue to make mistakes and you are going to keep paying. That contractor needs to be paid by the job. A successful delivery of a working trailer, because it is amazing how fast people can work when you pay them piece work. And we know that from the debris removal, because yes, it was too expensive, but they were paid by the cubic yard, so they got out there and hustled and picked up all the debris that they could because every time they showed up with a yard of debris they got paid for it.

Chairman NEY. Time has expired.

Mr. TAYLOR. The same attitude we ought to be taking with the trailers.

Chairman NEY. I just—I have not asked questions because I wanted to yield to other members. I will be very quick because I know we have got a very patient second panel. How many trailers have you put in Louisiana total, how many trailers?

Mr. WELLS. Around 26-27,000 travel trailers and mobile homes.

Chairman NEY. 26,000, okay, have been placed or on the ground in Louisiana?

Mr. WELLS. That is families moved in.

Chairman NEY. Families moved in, okay. How many are here then in New Orleans of the 26? If you can follow up.

Mr. WELLS. I can give you a general idea.

Chairman NEY. A general idea and then later on if we can get the information by parish?

Mr. WELLS. We have it by parish. It is probably around 1800 for Orleans. I think for Plaquemines it is probably around 1400 and probably around 900-1000 for St. Bernard, the three hardest hit parishes.

Chairman NEY. One thing I might suggest, committee members, we do not have to do it formal because it would take forever and a day, but maybe GAO, we could call informally in a sense, not a 9-year study, but could do a quick 2 or 3 days to find out, you know, what is the short circuit of how many were ordered and how many—because I know again, the Department at one time wanted a lot of them, and how you get them on the ground. In other words, study—not a study—a GAO opinion how to make this work, how to make 21,000 work in a month. How to— maybe—I am just throwing that out there.

Mr. WELLS. Okay, chairman, I have got—

Chairman NEY. Somebody has got to make it work somehow.

Mr. WELLS. Okay, Plaquemines, this is occupied 1113; St. Bernard occupied, 1315 and in Orleans, 2196.

Chairman NEY. Okay. And what is the projected need in New Orleans, how many more?

Mr. WELLS. We met with the Governor—there are different ways of looking at this. He had 8000 sites; we are talking about like group sites already identified that they are somewhere from breaking ground to somewhere in the process of establishing group sites for 8000 units. In addition to that, there are about 7000 more group sites that the mayor needed to find space for.

Chairman NEY. Okay, I have a quick question on the housing complex we went to today, Lafitte, I believe it was, Lafitte—for anyone that wants to answer it. When we were in there and again, you have to be here. We have seen it on TV; we worked with this issue—you have to be here to see it and I wish everybody involved with the votes would come down here.

But we were in there today and the mold just went up the walls and things like that. It was built in the 1940s; I did not know that. I thought it was the 1960s, but it was built in the 1940s. Who decides—because so many families are affected, I think 890 some families are in Lafitte. Who makes the decision to say okay, this is how much it is going to cost to redo it, clean it up, redo it and this is how many months it will take or this is how much it cost to rip it all down, build new and this is how many months it will take? Who makes that decision?

Mr. WILLIAMS. Mr. Chairman, we are glad you are here too because it is hard to kind of understand what that is without being here. Mr. Osadeck is the expert on the public housing and if you do not mind, I could ask him to answer your question.

Chairman NEY. We saw Hope 6 today, and I supported the ranking member and other members, both sides. Ranking Member Barney Frank and Mr. Oxley were active in it. We all supported keeping Hope 6 alive. You know, we went reverse with the recommendation and we kept Hope 6 alive. The Hope 6 site I saw today, I do not know how on earth you could do anything but rip it down. I mean, but with this apartment or with these units there is a second floor. So I think it is an important question because the

sooner that decision is made the quicker the people can get back into the public housing.

Mr. OSADECK. Thank you, Mr. Chairman. The housing authority—you met Dr. Moon today.

Chairman NEY. Yes.

Mr. OSADECK. Who was on the bus, as well Dr. Jarvis, are in charge of doing that assessment. They have hired outside contractors as well as staff who are able to come back to New Orleans to assist in both the clean up and the assessment. As you can imagine, there is a lot that goes into deciding whether or not to try to rehab these units or to request the department to tear them down and either start over again with new units, do some sort of mixed finance, mixed income redevelopment, or request of the Department vouchers for replacing the units lost.

Chairman NEY. Also on these housing units for people that need housing assistance, is it automatic that wherever the units were before, housing complexes, is that what will be back there again? Or is that something that is going to be a dispute? I am not talking necessarily just about HUD, but also locally or in this State or is that an automatic, that where it was it will be again?

Mr. OSADECK. I can only speak for public housing. Where the housing authority actually owns the real estate, there are no incumbrance to putting units back on that site. The local codes would be the only thing that would need to be complied with at that point—densities, heights, those sorts of local code issues. And you may also know that the housing authority has actually begun to allow some people back into the public housing units. I think the guiding principle here is that units have to be safe, decent, sanitary.

Chairman NEY. Not into Lafitte.

Mr. OSADECK. Well, you saw today. Those things are clean on the outside. That site has been cleaned by the authority to the extent that it could and those units were secured so that nobody can break in and hurt themselves or steal or any other thing that can go on there. You have seen how those have been secured while the assessment goes on as to what should happen with them.

Chairman NEY. Also on sites where you would build public housing, is anybody looking at the levels of toxic materials so that it is cleaned up for people, that it would be safe for kids and families?

Mr. OSADECK. Indeed, chairman, that will be one of the things that the housing authority and the department will have to be very careful to ensure that before allowing people back into these units, they are indeed safe.

Chairman NEY. And I am going to close with this because we have got the second panel. I also want to note that some members may have additional questions for this panel and they might want to submit it in writing. As usual House procedure, without objection, the hearing record will remain open for 30 days from this hearing for members to submit written questions to these witnesses and to place responses in the record.

I just want to end with, first of all, thank all of you for being here. Again this is the first panel; we have a second one, but our committee members too for being here. I mean, it is important. Before we came here, there are a lot of people that have watched this,

one of the worst situations in the history of the country and so it is very, very important that we react. And it is tough with something of this catastrophic nature and people going in every direction. But the big goal is to work together.

I have to say one thing. I wrote a letter to the Army Corps. What I want to say is this. I mean, somebody has to make a decision on that levee and what it is going to rebuilt to and that has to be—I do not know if it has been done. It is not your jurisdiction. But I am just saying, I say this everywhere, it has got to be done. Because as we are trying to help and there is precedents that have been set with this situation. We have had floods where I live and precedents set and that is okay, because there are some catastrophe things. But if that levee is not decided, here it is, it is a level five, I can tell you if this happens again and that levee is not sustained, you will get people arguing whether frankly people should be helped or not and that is an argument we do not need in this country. So I am hoping, I do not know, Congress, whatever we can do, or the Administration, somebody has got to make that decision and I think it is an important one.

But I thank all of you for your time; thank you.

And we will call the second panel. Second panel—Ms. Elise Boyer, Dr. Willie Gable, Mr. Darrius Gray, Ms. Martha Kegel, James Kelly, Muriel Lewis, Kevin Mercadel, I am sorry if I am not pronouncing these right, Randy Noel, James Perry, Larry Schedler, and Ms. Pauline Stewart. And we will take a quick 5 minute recess.

[Recess.]

Chairman NEY. The Committee will come to order. We have the second panel and I want to—the committee will come to order, if the members could please come to the table.

[Pause.]

Chairman NEY. Okay, the committee will come to order. And I want to thank you again, the second panel, for having the patience. We are going to start with Pauline Stewart, who is a resident, currently residing in a hotel. Ms. Stewart, thank you for coming today and I am sorry for what has happened to you and so many people down in the Gulf States here.

STATEMENT OF PAULINE STEWART, RESIDENT (CURRENTLY RESIDING IN A HOTEL)

Ms. Stewart. Thank you for having me.

Chairman NEY. If somebody could push the microphone a little closer.

Ms. STEWART. My address in New Orleans is 5700 Louis Prima Court; that would be Orleans Parish, the 9th Ward, New Orleans East.

My problem with FEMA that I am here to address today, is their rental program. I have had FEMA refer in a 2-day period during the month of December five apartments; one in Metairie, one in Kenner, three in Baton Rouge. I am presently staying in a hotel in Baton Rouge. Each referral needed credit check, a criminal background check, and income in the amount of three, three and a half times, and four times the amount of the monthly rent. As Katrina victims, most Katrina victims not only lost their homes, they also

lost their jobs. Most are on unemployment. They have no income by which to qualify for an apartment.

In addition, FEMA will not tell you how long they will pay rent. So you cannot tell a landlord how long you will be able to sign a lease. I have addressed this question as far as I can get it, all the way up to Congress, my Representative, my Congressional Representative. I have no answer as to why the FEMA rental program in Louisiana is ineffective.

We have also approached FEMA for trailers and I have been told that because my family only has two, two members, we can only qualify for a travel trailer.

Chairman NEY. I am sorry. What two, who is the second person in the family?

Ms. STEWART. My daughter evacuated me out of New Orleans. Okay, so she is with me temporarily.

Chairman NEY. Okay, thank you.

Ms. STEWART. Okay, and I could request a mobile home, but the odds were that I would not get one. And I cannot request where I would like this travel trailer. It could be as far as Shreveport. I am here today because I want to move back home. And I cannot move back home if I am living in Shreveport. I cannot rebuild my home if I am living anywhere in north Louisiana. I told FEMA that I need to be as close to New Orleans as possible and that may not happen.

Now after FEMA could not provide me with answers or help or assistance with their rental program, I went to HUD. And HUD has advised me multiple times, because I have called them multiple times, because I have been given so many numbers—I have called them multiple times and each time I was advised that if I was not on a HUD program on the date of Katrina, I was not eligible to participate in any of their programs now. And asking further why that was so, I was told that HUD did not request additional disaster monies, because they were working off their existing budget.

So that is where I am now, okay. I am waiting; I have to apply for an extension to stay in the hotel until maybe February 7th or February 13th. I would prefer an apartment as opposed to a travel trailer and I do not know what is going to happen. I have lost total control of my situation because I have to rely upon FEMA.

At some point in time, yes, apartments are very scarce but within 2 days that young lady that was hired by FEMA did refer five apartments to me. Apartments are there; FEMA has hired people to find them. They may not be in the greatest of quantity, but they are existing.

And that is all I have to say, so if you all have questions, I would be happy to answer any that I can.

Chairman NEY. Ms. Boyer. Thank you.

[The statement of Pauline Stewart can be found on page 169 in the appendix.]

STATEMENT OF ELISE BOYER, RESIDENT (RESIDING IN HOTEL)

Ms. BOYER. I am a victim of Katrina and Rita. I do live in New Orleans and I am still in New Orleans. I had to leave New Orleans

the day of the storm to go to Florida. Went to Florida, my home is here, so I had to travel back from Florida here. I have been living in a hotel ever since then and that has been about 4 months. The hotel is fine; it is some place for you to lay your head; you are not in the street. But stipulations, you have to—first it was every 7 days you have to go and apply for an extension. Now, it is every 3 days you have to go and apply for an extension. Add to that, you have to have a code in order for you to get an extension. So that means if your code is not in, your hotel room is rented. That is where we are now.

So my house I could not live in it. I had six feet of water; we cleaned out all the water and all the junk and everything that was in it. I had to have my house rewired. Did that. After that, there is no one in the neighborhood; there is no gas; nobody is in the neighborhood but me. I go and check the neighborhood out and check the house and see how everything is. They have been breaking in, because the doors are open. You cannot lock them because of the Corps of Engineers or whatever broke the locks on the doors and they left them like that; they left them open. So you have to buy locks; you have to watch your houses.

The hotel is fine, but it is no place like home. And I really want to go home. I am home, but I am not in my house. I live in the Broadmoor area—devastation. Everybody's house is washed away; it is a disaster. We have no neighbors; everybody's gone. They come back, gut their house out, and they go back. So that is where we are, trying to get in my house, but Entergy has not, the gas is not ready. We still have water in the gas. So we do not know when that is going to happen.

So I am hoping and praying that our extensions will be long enough for us to live where we can get our houses repaired and get back in them before they throw us out in the streets.

I thank you all and that is all I have to say. If you have any questions, I will be willing to answer them.

Chairman NEY. Thank you, and I want to thank you as I did Ms. Stewart.

I am sorry for what has happened to you and so many people down here. Our thoughts are with you. Our hearts are with you. But we are here with you now to hopefully do as much as we can do to make sure you have some type of place to live here at home.

I thought what we would do, because both witnesses have to travel back to Baton Rouge, so I know we normally go, you know, 5 minutes each. Why do we not see if we have any questions of either of the witnesses and then we will go on to everybody else.

One question I had, how do you get notification about when you would have to leave? I mean, I am sure you viewed in the newspapers that there was a certain deadline. Did you get any physical notification?

Ms. STEWART. The official notification that I received came from FEMA to the hotel. I am sorry; it was given to me by the hotel, okay. And it was a notice that we had to be out; I think this was December 15th, and there was of course that extension that was granted at the last minute. And the attorneys that were involved were out of New York that went to the judge to get the extension.

So I called FEMA to get an update on what is going on because now everything is different for everybody; the dates are all different. So I have to explain my situation and what category I fall in and that is the extension that would be applicable to me. So we have to request authorization numbers from FEMA before the end of this month, January, and they will give you maybe a week extension with that authorization.

Chairman NEY. And that is the same experience, Ms. Boyer, that you have too?

Ms. BOYER. We do not know how long the extension will be.

Chairman NEY. One other final question that I have and then we will move on to members. Where you are living; what about cooking? Do you have a kitchenette?

Ms. BOYER. No kitchen.

Chairman NEY. So you get your meals by eating out.

Ms. BOYER. Out of the truck. We have a Salvation Army truck, Red Cross truck.

Chairman NEY. What about your evening, if I could just probe a little farther. What about your evening meals, do you have a hot evening meal?

Ms. BOYER. If you have the money, you have to buy it.

Chairman NEY. You have to buy it.

Ms. BOYER. Other than that, yeah. Other than that, you eat sandwiches.

Chairman NEY. Look, everybody knows this. If you eat out all the time—you cannot.

Ms. BOYER. You cannot, you do not have the money. Everything is so high.

Chairman NEY. Unless you have an awful lot of money.

Ms. BOYER. Right.

Chairman NEY. Obviously you do what everybody does; you buy groceries and you cook, you know, at home. So you would have to pay out of your pocket unless you can get—is the Salvation Army food free; is that okay?

Ms. BOYER. They give you free lunch.

Chairman NEY. I assumed they would. Otherwise though, but three meals a day, is it the same situation.

Ms. BOYER. One meal.

Chairman NEY. Okay, you do not have, okay, let me ask you this. Is there a mini refrigerator in there where you can have milk or juice or snacks?

Ms. BOYER. We have an ice bucket and that is how you keep your juice or water, you know. You cannot put too much in an ice bucket, maybe one bottle.

Chairman NEY. And that is very difficult for both of you. If you had children, I do not know what—or medicine that you have to refrigerate. Okay, that is something that I have not heard before.

Our ranking member.

Ms. WATERS. Just quickly, I want to understand the re-authorization process as you are describing it. You mentioned that you have to do something every 3 days. What is that?

Ms. BOYER. You have to call FEMA. You have to go down and register.

Ms. WATERS. Go down where?

Ms. BOYER. In the hotel.

Ms. WATERS. In the hotel and register at the desk?

Ms. BOYER. And register at the desk for your extension.

Ms. WATERS. And what happens when you do that? Do you have to answer questions or what?

Ms. BOYER. No, you can just tell them that you came for the extension and sign up for the extension and you just stay there until another extension comes and you have to go back. It used to be 7 days now it is 3 days.

Ms. WATERS. And you said something about if you did not do something your room could be rented out? What is that something?

Ms. BOYER. Yes, you have to get a code.

Ms. WATERS. A code.

Ms. BOYER. This is something new that FEMA has put on us.

Ms. WATERS. Now who gives you the code, the hotel?

Ms. BOYER. Yeah, FEMA issues the code and you have to give this code to the hotel. That is for you to get another extension. Now my extension will be until February 13th; you have to go down 3 days before.

Ms. WATERS. Before February 13th. And the last time that you went to get your extension, did they ask you any particular questions?

Ms. BOYER. No.

Ms. WATERS. They did not. And as you understand it, when you go back on February 13th, it should be basically the way it has been in the past where they just reissue a code to you. Did anybody talk to you about having a plan of any kind about how you are going to deal with your life if you did not have access to a hotel?

Ms. BOYER. No.

Ms. WATERS. Thank you. Thank you. You mentioned—did anybody tell you what the criteria was for getting a mobile home as opposed to a travel trailer?

Ms. STEWART. It has to be more than two people. They gave me as an example a family of five, they would put into a mobile home.

Ms. WATERS. Okay, and then what did you tell me about why you have not got a travel trailer?

Ms. STEWART. I do not know the reason why I have not gotten one.

Ms. WATERS. You told them that you wanted one and they know that you need one and nobody has said we have one in 10 days or 15 days or—

Ms. STEWART. No.

Ms. WATERS. Thank you very much. I am sorry; Mr. Ney had to step out for a moment.

Ms. Lee, I will just go to you.

Ms. LEE. Let me first say, thank you very much for being here today and as I said earlier I just marvel at the spirit and the determination and the resilience of the people of New Orleans and just know that you will rebuild this great city. But I know that we have a responsibility to help you in those efforts.

Just a couple of things I would like to ask, and you heard earlier FEMA and HUD, and I wanted to find out in terms of those individuals who have been displaced and who are living around the country, do any of you have an idea of how they are doing? I mean,

we have people in all our districts we know and who we are helping; 90 percent of them, 95 percent of them want to come home. But there is so much confusion and so much in terms of lack of communication and lack of information with regard to when, where, and how, and what is taking place here. So I would just like to ask any of you if you know how—what system is established to make sure that relatives, family members, friends are in contact with those who are still here in the region, so they can make this transition back as quickly as possible?

And secondly, I just wanted to ask you about some of the trauma again that has been associated with this disaster and just how you see people faring in terms of their mental health needs and what it is you think needs to be done within the context of helping them come home with their housing, and so anyone could respond to that. Mr. Kelly.

Mr. KELLY. I have spent a number of hours this week with trauma counselors who worked in the tsunami, who have worked in 9-11, et cetera. What we are now talking about is the number of suicides. The mayor made some reference to it, the mental health of our people. If you go through trauma, if any of you go through grief, what do you do? You go home and you curl up in bed or you curl up with family. Our folks do not have any place to go to deal with their trauma. We are going to have post-traumatic stress syndrome like you have never seen before in any nation.

For the majority of our people, their home is what they have been striving for. Their home is gone; we are going to have post-traumatic stress syndrome that affects rich and poor. But I will tell you who is going to deal better with it, the poor because they are stronger and because they have been through lots more grief. But the number of suicides, the number of elderly who have passed on way before they should have—just open our obituary pages, elderly after elderly after elderly; we are losing our elderly. We are also seeing our elderly age faster than they have ever aged before.

We are going to see post-traumatic syndrome with children. I know I have sat and played with children in shelters in Baton Rouge who have spent 2 to 3 months of their lives, a 1-year-old who spent 25 percent of his life in shelter. Do you not think that is not going to affect these children.

There is a difference between grief and trauma is what I have come to learn. Trauma lasts a long time.

Chairman NEY. Any questions for the two witnesses.

Ms. WATSON. Yes.

Chairman NEY. I am sorry; Mr. Green is next.

Mr. GREEN. Thank you, Mr. Chairman; I will be brief. I really appreciate having you up here before us today because there are many people who actually think that you have the good life. You are living in a hotel, maid service, room service; they do not understand what your life is really like. So you really have given me the ammunition that I need to speak on your behalf.

But for clarity, I assume that you do not have maid service in the room. Tell me if you would, Ms. Boyer, and I will just let this be my only question. How are you managing with getting your things cleaned and that sort of thing?

Ms. BOYER. Well, we have to go to the washeteria and that is very expensive, a dollar and a half for about 45 minutes. To dry your clothes, that is 75 cents. What do you get? About 15 minutes. It is very expensive living in a hotel.

Mr. GREEN. God bless you. Thank you very much.

Mr. Chairman, I yield back.

Chairman NEY. Mr. Cleaver.

Mr. CLEAVER. Thank you, Mr. Chairman, I have no questions. I appreciate very much you coming and I yield back the balance of my time.

Chairman NEY. Ms. Watson.

Ms. WATSON. Just for clarification as well. Ms. Stewart and Ms. Boyer, every 3 days, is this the same with you, every 3 days you have to register? Is there anyone who intercedes for you and lays out the procedures or do you have to initiate a call to FEMA?

Ms. STEWART. The authorization code comes from FEMA. Without that authorization code from FEMA, you are not going to get your hotel.

Ms. WATSON. Do you get through on the line your first attempt?

Ms. STEWART. It is no problem reaching them. You know, that situation is over; they have enough people now and people have settled basically. The urgency is not there as it was before.

Ms. WATSON. Now you mentioned that you wanted to get a trailer and that you were not eligible for a certain kind of trailer?

Ms. STEWART. The mobile home.

Ms. WATSON. The mobile home. Only what kind of trailer?

Ms. STEWART. A travel trailer.

Ms. WATSON. A travel trailer. And what is in a travel trailer?

Ms. STEWART. It basically has the same thing as a mobile home except it is quite small.

Ms. WATSON. Quite small.

Ms. STEWART. It is a recreational type thing you go on vacation with. You see people driving along the highway; they are very small. I mean, it would be basically the equivalent of being in a hotel room for another 4 to 6 months or a year.

Ms. WATSON. I see. Ms. Boyer, you asked for a trailer on your property?

Ms. BOYER. Yes, I did.

Ms. WATSON. And what is the problem you are facing?

Ms. BOYER. They told me my driveway was too small, four inches, my driveway. The trailer would be on my neighbor's property four inches. I cannot recall how many feet my driveway have, but my driveway is the length of my house. I have a driveway on both sides and I also have a carport in the back. No reason why my carport, my driveway will not hold a trailer because I see trailers hanging off the sidewalks. I see trailers on the sidewalk in front of houses. Mine would be in the driveway. The house next to me is vacant. It is vacant because those people have not come back, not even to take a refrigerator out. I said to her, would you mind if it is over there four inches? She said, you know I do not mind, put your trailer up there. I have not heard anything. I was in Florida when I applied for the trailer. I did not talk to anybody; they talked to my daughter on the phone and told her my driveway was too small; I would be four inches on my neighbor's property.

Ms. WATSON. Thank you.

Mr. Kelly, you mentioned working with the children in the shelter. How many—do you know how many children are still disconnected from their families and in shelters?

Mr. KELLY. Most of the shelters, almost all the shelters are closed. But it is just a different type of shelter. We put families without jobs, without cars, without childcare in trailer parks—it is just a different method of a shelter—or we put them in hotels without any resources. It is just a different type of shelter, in my mind.

Ms. WATSON. Let me direct to the chairman and the ranking member, is this session being recorded?

Chairman NEY. We have a transcriber.

Ms. WATSON. Okay, I was wondering if we could take some of these points and put them in a report directly to FEMA or any other authority.

Chairman NEY. We have the transcriber.

Ms. WATSON. All of the points that they are making. You know, the property line, is that really relevant in an emergency. These are the kinds of ridiculous things that make this agency not one that addresses in an urgent way. And so I would like to—ranking member, I would like to have these pointed up in any report that comes out of this meeting, these ridiculous regulations that are making it difficult for the evacuees to at least come back to their property.

Chairman NEY. Without objection. When it is transcribed, we will take the information and as a committee, we will send it to FEMA.

Ms. WATSON. Thank you. I yield back.

Chairman NEY. Any other questions of the two witnesses? And we will move on. I have just got to say to both of you again it is a terrible thing that has happened and I do not know how you are doing it. You have also shed some light frankly that nobody, and you might think that everybody talks to everybody, but you shed some light that I have not thought of. I knew it; it is not a condition that people want to be in. But all I ever heard that people are getting traumatized because at first they were going to be out in December and they are going to be out, and that is one of the reasons that we are here. But nobody has pointed out some of the other things. I mean, I can go on with a ton of questions. Vacuum cleaners, is a vacuum cleaner provided for you or do you have to go out and get your own cleaning supplies. I mean, I can go on and on and on about money that you obviously do not have. And I just—is there any type of payment that FEMA gives or the Government, the United States Government is giving?

Ms. BOYER. At the beginning they did.

Chairman NEY. They did. Okay, and when did that stop?

Ms. BOYER. Right after they gave it to us. The same, when they gave me that money.

Chairman NEY. One time payment.

Ms. BOYER. They gave me \$2000 the first time.

Chairman NEY. Okay, that \$2000. Well I want to again thank both of you and we will just start down here. Mr. Gray, we will go right down the line.

**STATEMENT OF DARRIUS GRAY, PRESIDENT, GREATER NEW
ORLEANS HOTEL & LODGING ASSOCIATION**

Mr. GRAY. Thank you. Would you be so kind and slide the mic down; Thank you so much, appreciate it.

Good evening. Speaking on behalf of the American Hotel & Lodging Association, I appreciate the opportunity to testify before the Subcommittee on Housing and Community Opportunity for the Committee on House Financial Services. The American Hotel & Lodging Association is a 96-year-old dual membership association of State and city partner lodging associations throughout the United States with some 10,000 members nationwide representing more than 1.3 million guest rooms.

American Hotel & Lodging Association and the lodging industry understands the enormity of the unprecedented devastation caused by Hurricanes Katrina and Rita. Many of our own employees were displaced; many of our businesses were partially damaged; some completely destroyed. And our industry faces a long road back to normalcy in the region which will take years to recover from. American Hotel & Lodging Association well understands the extraordinary demands placed on FEMA due to these hurricanes and applauds its many successes. However, improvements must be implemented if our Nation is to better respond to future events.

Having said that, I want to bring to your attention the involvement of the lodging industry in the months after the tragedy of Hurricane Katrina and the past and present concerns we have compiled on behalf of the industry. In the chaotic week following the hurricane, American Hotel & Lodging Association was asked by the Department of Homeland Security to secure 250,000 guest rooms in case they were needed for a proposed housing plan in which the room blocks would be leased by the Federal Emergency Management Agency for a period of no less than 6 months but could extend as long as 18 months.

American Hotel & Lodging Association disseminated the message to our members immediately and within periods of 6 weeks we had collected well over 190,000 guest rooms. The tremendous response from hoteliers across the country is a testament to the passion and generosity that our industry showed toward this event. Over 4500 properties had applied to participate, willing to lease large blocks of rooms, in some cases the entire hotels to FEMA to house the hurricane evacuees.

Available rooms were forwarded via e-mail in spreadsheets by the American Hotel & Lodging Association to FEMA on a daily basis beginning September 7, 2005, until the process was finally discontinued on October 17, 2005, at the request of FEMA, who informed the American Hotel & Lodging Association that they were no longer needed or they were no longer in need of the information.

While FEMA made clear that their policy was fluid and could not guarantee that any of the rooms we had collected would be used for the housing program, very little other information was provided to us. The Department of Homeland Security confirmed each day that they had received our list of available rooms, but could not confirm what was happening to the list each day and whether or not they were being reviewed by the staff of FEMA.

As time went by and evacuees were placed into hotels from shelters and other forms of temporary housing, no word came from FEMA regarding when the housing program would end, who would be dispatched to support the hotel properties, or what would happen if evacuees had nowhere else to go when the program terminated. This is a fact that even exists today. With all the recent changes that have been recently enacted, this is still a fact that we quite frankly do not know.

You have heard from the panel here that they have been given this authorization code for February 7th; some, February 13th. But what about those applying for that March 1st deadline that was recently passed? My understanding in reading the documentation on that is that if your situation is undetermined at that time, then you can stay as long as March 1st, but still it is kind of vague and very ambiguous.

Today many evacuees remain in hotels with little incentive to leave or nowhere to go, placing our members in extremely precarious public relations positions. It is disconcerting that most the information that we have passed on to our members throughout the course of the housing program is taken from newspapers and not received from FEMA itself. Given that the industry has been so eager to help in this tragic situation, we feel that more should be done by FEMA to foster communications, alleviate fears, and facilitate the housing program that has provided shelter and meals for so many people during this difficult time. Although the scale of this natural disaster in the Gulf was unprecedented, better preparation and communication could have greatly facilitated the process of finding housing for displaced residents.

The American Hotel & Lodging Association and its members remain ready and willing to aid in this effort. We have willingly responded to this tragedy and standby ready to help prepare for future responses. It is our hope that through this process of discussion, logistical mistakes can be avoided in the future and we will be better able to work with this Government agency for the common good of the people affected by disasters such as this.

Chairman NEY. Thank you. Thank you. Mr. Mercadel.

[The statement of Darrius Gray can be found on page 119 in the appendix.]

STATEMENT OF KEVIN MERCADEL, NEIGHBORHOOD RECOVERY SPECIALIST, PRESERVATION RESOURCE CENTER OF NEW ORLEANS

Mr. MERCADEL. Mr. Chairman, members of the committee, I thank you for the opportunity to testify today.

As we attempt to shift attention from clean up to reconstruction in New Orleans and the Gulf region; PRC believes that we must answer the question how and in what form the rebuilding happens and how its historic fabric will be protected for generations to come. If we get this response wrong, Katrina could turn out to be not only a great natural disaster, but we believe a great cultural disaster. It is one Louisiana may not —

Chairman NEY. Can you push the mic a little bit closer, sir. Thank you.

Mr. MERCADEL. I am sorry.

Chairman NEY. That is good. Thank you.

Mr. MERCADEL. My organization, the Preservation Resource Center, established in 1974, has had an important impact on the revitalization of historic districts in New Orleans through its 32-year history. Our membership is over 8000. We have had a major impact on revitalization efforts in Lafayette Square, the Warehouse District, Algiers Point, Algiers Riverview, Bywater, Holy Cross, Esplanade Ridge, Lower Garden District, Irish Channel, Faubourg Delachaise, Edgewood Park, Pontchartrain Park, and many other neighborhoods in the city. These are the homes of working people, low, moderate-income families, majority African American.

In addition, we have had a long standing relationship with the National Trust for Historic Preservation. Since Katrina, PRC has been working hand in glove with the Trust. The Trust has established a field office here in New Orleans, staffed it, and the office operates out of the Preservation Resource Center offices. So my remarks today are consistent with and supportive of the Trust efforts to make the Gulf region whole again.

For more than 50 years, the Trust has been helping protect the Nation's historic resources as a non-profit membership organization of over 250,000 members. It is a leader in the preservation movement that is trying to save the best of our past for the future.

Now throughout the history of the PRC, now enhanced by the experience of the Trust in the Mississippi River floods of 1993, the Northridge earthquake of 1994, and a number of other natural disasters, we have learned that almost always the first impulse of local officials is to tear down almost everything, every damaged building in the name of public safety. We have also learned that this first impulse is almost always wrong. Obviously there will be historic buildings that will necessarily be lost, but we should not lose more than we have to. The Federal and State government's role is pivotal in alleviating this urge to demolish and time is running out in New Orleans. For example, officials in the city are pursuing demolition requests and preliminary reports indicate that they intend to demolish some 50,000 buildings. Already there has been a hasty razing of the Naval Brigade Hall, a significant landmark in the history of New Orleans jazz. It was torn down September 26th without permits, without permission from the city or the owners of the building.

In New Orleans alone, there are over 30 districts listed in the National Register of Historic Places or as locally designated historic districts. This represents more than one half of the core of the city. It must be emphasized that when we speak of historic neighborhoods in New Orleans, we are talking in the main about modest shotgun singles, doubles, Creole cottages, bungalows, arts and crafts houses and not simply our more famous neighborhoods like the French Quarter and the Garden District. Recovery efforts must acknowledge the special character of the city. Failure to do so would only compound the devastation that has already occurred. Unquestionably, there is a complex set of issues existing, but we believe there is a network of existing Federal, State, and local laws that protect historic structures and cannot be ignored in the rebuilding of the disaster area.

On behalf of the PRC and the Trust, I have personally been involved almost daily since the middle of September doing tours, windshield surveys, and house-by-house inspections in just about every neighborhood in this city. We have worked with and continue to work and coordinate our efforts with FEMA, the State, the Historic Preservation Office, and the local HDLC, the Historic District Landmarks Commission.

Since the beginning of October, PRC and the Trust has had 10 volunteer teams of architects, preservationists, engineers, builders from around the country who have come in and worked with us to distribute information about city permitting processes, the notices of workshops that we conduct, as well as circulate materials. We have a list currently of over 1000 volunteers from around the country of professionals willing to come in and who will continue to maintain these teams as we go forward. We have circulated about 3000 buckets of cleaning supplies in the neighborhoods—bleach, sponges, so on and so forth. We bought 13 generators and over 400 tarps that we are distributing, primarily in the historic districts. The generators have been given to neighborhood associations which in turn loan them to homeowners that are working in their home without power. The tarps are important because the Corps, while they have this major roof project, does not talk hard roof—slate, steel, asbestos tiles, which are primarily the types of roofs that we have in the historic districts. We conduct weekly workshops; attendance has been 40 to 75 people. We have invited city officials, safety and permits experts about raising houses and I mean r-a-i-s-e as opposed to r-a-z-e. We established—

Chairman NEY. Sir, your time has expired, but if you would like to summarize.

Mr. MERCADEL. Two projects that we feel are most important moving forward. As I indicated, there is a tremendous effort to demolish buildings. Simply because a building has been flooded does not mean it needs to be destroyed. This week, we began surveys of buildings. There are 200 buildings on the priority list to be demolished in historic districts. We have been inspecting them. We are going to share this information with HDLC, FEMA, as well as the property owners. And we want to ask that you in Congress ensure that the Section 106 regulations and existing—we are not asking for new legislation, just existing regulations—with respect to historic structures are on it.

Our second initiative is a combination of a project called Operation Come Back, which has existed since 1988, and the Trust program called Home Again, where we have already identified buildings that we are renovating. We are organizing volunteers to gut them. We work on a neighbor block by block basis. We have a two block area in the Holy Cross neighborhood where we are re-renovating a property that we had just completed renovating before the hurricane. We acquired two other properties, blighted properties, on that block that we already have donations of \$40,000 worth of materials. The Trust has identified a property down the street and the concept—and this is in my written remarks—is a focus demonstration project that shows we can save buildings.

If I might, I would like to add to my remarks and just show you visually, this is a project that we did in the uptown district. This

is a project that was done 6 years ago. The before pictures are houses that are in significantly worst conditions than most of the houses in the city today. The bottom shows what we can do with them. It is a project that is small scale that can be duplicated over and over. We share this information with most of the organizations in the city. And we want to again thank you. I will be available for questions.

Chairman NEY. Ms. Lewis.

[The statement of Kevin Mercadel can be found on page 131 in the appendix.]

**STATEMENT OF MURIEL LEWIS, NATIONAL ASSOCIATION OF
KATRINA EVACUEES**

Ms. LEWIS. Good afternoon. I am a member of the National Association for Katrina Evacuees, which represents over 5000 relocated residents. We have chapters in over 35 States.

Some of us are in hotels, apartments, housing trailers, living with relatives. Most of us want to relocate back to New Orleans; we want to come home. Yes, we have lost memories, personal achievements awards, our children's kindergarten pictures, K through 12, furniture, jobs, even grandparents' obituaries. Yes, there is a healing process that we must go through.

But part of our healing is to be able to come home. However, we have many concerns—housing, jobs, schools, health care, and neighborhood development. Yes, we want to come home. The Baker Bill is stating we will be receiving six percent equity from our homes. However, we are not in agreement with it.

Another bill that we have looked at is the CBC, which states, it requires FEMA to reimburse entities that perform services that should have been performed by FEMA following Hurricane Katrina after the entity requests reimbursement and allows a retroactive purchase of flood insurance by Hurricane Katrina victims who did not live in a designated flood area. We know our Congressman Baker voted against it and it was voted down by one vote.

Please reconsider, we want to come home. We do not want charity; we want justice. We do not want to sell our property; we want to live in our houses. We were told we were in a no-flood zone; that was the reason why we did not purchase or we were not offered, even offered flood insurance. Now, our mortgage companies are saying we must have flood insurance. Please, help us to keep our homes. We do not want to sell. Title 11 will bring hope and relieve pressure off of us. Our suicide rate is rising every day, at least five per week. Please relieve pressure.

One other thing I would like to add to that is that many of our residents are concerned about food stamps. We had emergency food stamps that were issued in the beginning of the pre-Katrina—well, I should say it was during the Katrina catastrophe. However, at this point, once we received the \$2000 from FEMA, they were cut off because at that point in time they are no longer qualified for food stamps. So now what was stated through FEMA is we could not use the money to buy food; we had to use it to buy housing. We want you all to know that there is nothing there stating that—with the food stamps program stating that we cannot receive food stamps even though FEMA is issuing us the funds. So I wanted to

make sure that you all were—that that was brought to your attention.

Another thing that I wanted to let you know, I have a 15-year-old, a 13, and a 17-year-old. My—we live in a hotel in Lafayette, Louisiana, and we are going through, and you heard the problems that are going—that are faced right now with the hotels.

Chairman NEY. Did you say three children?

Ms. LEWIS. Three children. I am concerned because I have one son that is really dealing with this really hard and I am having personal problems with him because of this move and these problems that we are facing. Our State is still stating that the requirements for the LEAP test is still in place.

From month to month, as you know, the deadlines come about and the hotel, they state that 1 month you have to move, the next month you have to move, but of course I could tell the kids that we have to move to another area because we do not know how long we are going to be in a hotel.

I have applied for a trailer. They asked me if I had property. Yes, I have property. My house is gutted out and I asked them to put the trailer there. I have requested the trailer since October and I do not have, they have not come out to put the red markings on the property as they stated earlier. But I am still waiting; it has been since October and I still do not have a travel trailer in front of my door. So I just want to make, to bring these points to your attention.

I have nothing further.

Chairman NEY. You have been waiting since when?

Ms. LEWIS. October.

Mr. JEFFERSON. Mr. Chairman, if she can provide the information, I think we can help her household.

Chairman NEY. That is what I was talking about. We can look into that type of delay.

Ms. LEWIS. I am in the New Orleans East area.

Chairman NEY. Ms. Boyer too has another issue I think we can look at and we will talk with you. Mr. Schedler.

[The statement of Muriel Lewis can be found on page 129 in the appendix.]

STATEMENT OF LARRY G. SCHEDLER, PRESIDENT, LARRY G. SCHEDLER & ASSOCIATES, METAIRIE, LA, TESTIFYING ON BEHALF OF THE NATIONAL MULTI-HOUSING COUNCIL/NATIONAL APARTMENT ASSOCIATION

Mr. SCHEDLER. Chairman Ney, Ranking Member Waters, and distinguished members of the subcommittee, my name is Larry Schedler. I am the president of Larry Schedler & Associates in Metairie, Louisiana. I have been representing buyers and sellers of apartment communities here for the past 22 years and have transacted more than 20,000 multifamily units exclusively in the Gulf Coast region.

I am here today at the request of two trade associations that represent the private apartment industry, the National Multi-Housing Council and the National Apartment Association.

Since we are in New Orleans today, I would like to discuss the housing situation in this great city before and after Hurricane

Katrina. The City of New Orleans is down, but definitely not out. It is estimated that approximately 260,000 residences, both owner occupied and rentals, in New Orleans were affected by Hurricane Katrina. It appears that 30 to 35 percent of our inventory of 50,000 apartment units was critically affected by Hurricane Katrina. It is not unreasonable to assume that 15 to 20 percent of our total inventory of rental apartments will never be rebuilt without cooperation from all government entities.

The area that sustained the largest amount of concentrated destruction is East New Orleans. East New Orleans was developed in the early 1970s and had become a predominantly moderate income apartment market. Its approximately 7500 rental units rented for an average of 65 cents per square foot. While these rents were sufficient to cover the operating expenses of these older properties, they are not sufficient to cover the cost of new construction even if the buildings were built to the pre-Katrina standards. Moreover, the cost of new construction all over the State will be higher because of higher cost building supplies, insurance, labor and the cost to meet anticipated changes in the building code.

If a rebuilt New Orleans is going to include apartments, the Federal Government will have to be generous with incentives in the form of tax credits and grants. Otherwise new development will remain financially unviable. Good news is that there is already overwhelming investor interest in the New Orleans market. Developers have been searching for locations to develop new apartments, both in the city and the surrounding parishes. It is important to note that before the storm, 95 percent of the available apartments in New Orleans were occupied. This means that the city's apartments were virtually full. So even before the storm damaged 35 percent of the housing inventory, there was virtually no surplus housing to help meet the rising demand.

There is an unquestioned need to build more housing in New Orleans and the surrounding area. But meeting this need will require more Federal incentives and a streamlined redevelopment process. The rebuilding efforts are complicated by the fact that high demand, a limited supply of land, and rising construction costs will all combine to push the price of the resulting housing higher. If State, city, and Federal officials are serious about rebuilding the housing in New Orleans, they will need to make Federal incentives available.

Fortunately, Congress has already passed and the President has signed into law new incentives to redevelop the Gulf Coast. The emergency allocation is \$18 per capita, more than nine times the current law allocation of \$1.90 per capita. Finally, the measure increases the size of the credit from 100 percent of qualified project costs to 130 percent of such costs by designating the areas as GO zones.

If Louisiana is going to get the maximum value possible from the tax credit program, it needs to change its past practices of making small allocations and creating new affordable housing on a small scale. During the rebuilding period, it will be necessary to allow more credits per project. This will encourage developments that will meet the large scale need and it will attract well-capitalized

developers who can utilize their skills to create more affordable housing.

I thank you all for the opportunity to testify today and assure you that the NMHC and the NAA look forward to being a part of the solution to this housing crisis.

Chairman NEY. Thank you, very much. Mr. Kelly.

[The statement of Larry G. Schedler can be found on page 164 in the appendix.]

**STATEMENT OF JAMES R. KELLY, CHIEF EXECUTIVE OFFICER,
CATHOLIC CHARITIES ARCHDIOCESE OF NEW ORLEANS**

Mr. KELLY. I thank you for your concern. I thank you for your compassion and I thank you for your passion.

Since 1727, Catholic Charities has been caring for the poor. It began in the 9th Ward. In the Nation, Catholic Charities started in the 9th Ward; we have a long history. Last year, we cared for 125,000 people with such needs as hunger, poverty, unemployment, abuse, domestic violence, mental illness, and homelessness.

I was in the Dome; I was at Armstrong Airport; I saw a lot; I saw a lot of brave people, a lot of really brave people and a lot of good people—the National Guard, the homeless, the vulnerable. We have been busy. We have been counseling folks. We have distributed 40 million pounds of food and provided emergency assistance and counseling to thousands of people and listened to too many stories like Ms. Lewis's and Ms. Boyer's and Ms. Stewart's.

We greatly appreciate what your committee has done. Appreciate that the legislation has finally been passed. I cannot image what Christmas would have been like in this town if some of that legislation had not passed. Hope is oxygen in this town.

Thanks for what you have done on the Baker Bill, we pray that it will pass through Congress. Where and how to rebuild continues to be debated in our town. I lived in Washington; can you imagine if northwest and southeast Washington flooded and then we were going to take those neighborhoods and prioritize who got built first, rebuilt first and who got rebuilt last. Those would be some Congressional hearings.

Prior to Katrina, 20 percent of our citizens lived below the poverty line, 30 percent of our children, 47 percent of African Americans. Sixty percent of the residents of New Orleans were renters, 40 percent homeowner, a flip of the national average.

Who were the victims of Katrina? Seventy-seven percent of the victims were African American. Rebuilding should be carried out in a manner that treats the area's poor with the same respect and dignity as the most affluent. High ground should be set aside for rich and poor, white and black; diverse neighborhoods are our future. But without your intervention and your assistance, without the Government, the market will not be kind to the poor.

Recently, Congress directed the Secretary of HUD to preserve Section 8, 202, 811, and HOPWA housing. Yet, on November 1st, HUD cut off rental payments to nonprofit 202 landlords and housing managers like the Holy Family Sisters. Many of these damaged and vacant apartments for low-income seniors are now nearing default. HUD's most successful housing, the 202 program, will no longer be available to the elderly. So they cannot come home. And

even if we fix the buildings, what do they come home to. No doctors, no pharmacies, so we are going to put the non-profit landlords out of business? That is a major issue. I pray that you can find out answers.

Most welcome is the low-income housing tax credits. Two billion dollars of tax credits will get you 20,000 units of housing. That is not very many units, but it is wonderful. Never had anything like it, but it is only 20,000 units. And it does not set aside any percentage of those for the poorest of the poor, people making 30 or 40 percent of median income. I ask that you look into that and pass legislation; if not, the poorest of the poor will suffer some more.

The new regulations also require that the credits be spent in the year that they are issued. That sounds efficient until you hear the complexity of the land issues in New Orleans. And also, understand as the mayor said that those credits could be spread across all of southern Louisiana, so we could get locked out. Credits will go to higher ground, go to areas in civil parishes or towns that do not have those effects and New Orleans could not get their fair share and I am sure it could happen in other parts of Louisiana.

The construction of new affordable housing is going to take time. It is critical; there was a dire need before; there is a dire need now. So what do we do today?

Fast track the rehabilitation of offline public and private housing; maybe we use eminent domain for some of these landlords sitting in New Orleans East who do not know what to do, rather than spending how much money on trailers.

Increase the number of housing vouchers.

Increase the value of these vouchers to 130 percent including KDHAP.

Provide support and mental health services to the fragile.

Transfer all housing responsibilities from FEMA to HUD. I have been in the very early meetings at the joint field office when a FEMA representative was asked once you put someone in those 100,000 trailers that are on their way—this goes back to September—what do you do? Oh, we are done.

Experts predict only 250,000 people will come back.

Chairman NEY. Mr. Kelly, your time has expired, but if you would like to summarize.

Mr. KELLY. The people of New Orleans are strong; they are brave; they need your support. We appreciate what you are doing. I will end with scripture. We are called to be one body, one spirit, one hope. To be successful we will need a spirit of humility and collaboration. Most importantly, we will need God's grace and God's speed. I pray that God will bless your efforts and through you the good and brave people of the Gulf Coast.

Thank you.

Chairman NEY. Thank you, Mr. Kelly. Ms. Kegel.

[The statement of James R. Kelly can be found on page 122 in the appendix.]

**STATEMENT OF MARTHA J. KEGEL, EXECUTIVE DIRECTOR,
UNITY FOR THE HOMELESS**

Ms. KEGEL. Thank you, Chairman Ney, Ranking Member Waters, and members of the subcommittee. We are so grateful that

you have come to New Orleans to shine a spotlight on the suffering of our people and we are so grateful for your obvious determination to end that suffering. I am grateful also for the opportunity to testify today on behalf of UNITY, which is an award-winning collaborative of 60 different agencies, governmental, non-profit, faith-based, large, small agencies that are providing housing and services to people experiencing homelessness and people at risk of homelessness in greater New Orleans.

Throughout this crisis, members of our 60 agencies, which include Catholic Charities, have performed heroically while experiencing their own losses, and I want to recognize today two of those heroines of Katrina who are here today with me. Angela Patterson and Lori Adams, could you stand and be recognized.

[Applause.]

Ms. KEGEL. Angela Paterson of the Louisiana Public Health Institute stayed with her disabled clients at the Superdome for 5 days serving them and immediately following that has not missed 1 day serving disabled clients from the Health Care for the Homeless Clinic that is operating off of a boat. She is truly amazing.

Lori Adams, like countless other people in our continuum of care, evacuated with her mentally ill clients, spending weeks with them in difficult accommodations far from home, all the while having to deal with her own disabled child. And she is also a heroine and so many of our staff members also deserve recognition and appreciation.

We can and we will rebuild New Orleans, and with your help I believe that we can create a national model that will ensure that the people who are most adversely affected by Katrina, the people who are at most risk from being permanently displaced from their home communities, specifically the low-income disabled people and elderly people will be able to return home, will have a place to call home in their beloved city. And this model will also include affordable housing for musicians, hotel and restaurant workers, and other low-income workers who need affordable rental housing.

Katrina's catastrophic flooding caused widespread homelessness, including the tragedy of thousands of people with disabilities and elders losing their homes. Before the storm, the City of New Orleans had disproportionately high rates of poverty and severe disability. New Orleans counted 6300 people who are homeless, many of whom have serious and long term disabilities. Thousands of New Orleans residents were at constant risk of homelessness, were living on income below 20 percent of median income. Sixteen percent of New Orleanians suffered from serious disability. We cannot and we must not ignore the needs of these most vulnerable people as we rebuild our devastated city. It is up to all of us to ensure that the most vulnerable people affected by Katrina can come home. And this means creating new high-quality affordable rental housing that meets their needs.

We have been working very hard in partnership with the city, the State, local non-profits, the National Alliance to End Homelessness, other national partners to create a plan to create 10,000 units of affordable housing, rental housing, including 5000 units of supportive housing for people with disabilities and special needs. This plan already has the support of members of Bring New Orleans

Back Commission and the Housing committee of the Louisiana Recovery Authority.

I understand that this Committee already strongly supports the supportive housing model as a proven strategy to end and prevent homelessness among people with disabilities and special needs. As you all know, supportive housing is permanent affordable rental housing that is directly linked to community-based services, health care, mental health care, employment services that allow people with special needs to stay housed and prevent them from becoming homeless. And in city after city, supportive housing has been proven to be cost effective and to be extraordinarily successful in keeping people with special needs housed.

We have two requests of you today. First, in order to make this plan a reality when it is so very much needed, we will be coming to you for support, for rental subsidiary because the only way to make this plan work when the people who need supportive housing are extremely low income is if there is an ongoing operating subsidiary, a rental subsidiary, for these units to ensure that the housing is affordable.

Second, we are very appreciative of your wanting to eliminate all unnecessary deadlines for Katrina victims, whether it be deadlines for leaving the hotels, deadlines for staying in trailers. We also ask that you look at eliminating all unnecessary deadlines for the KDHAP program. As you may be aware, the special needs portion of the KDHAP program still is not up and running because the forms and the contracts with the non-profits have still not been issued.

Chairman NEY. Sorry, your time is expired, but if you would like to summarize, please.

Ms. KEGEL. Meanwhile the people with special needs, homeless people, are being given a March 11th deadline to sign up, even though FEMA has always told them they were not eligible for FEMA assistance and there is no plan in place to effectively notify these persons of their eligibility for this program. So we would ask that you give people at least to December 31st of this year to be able to sign up for this program, which they cannot even access at this point, and to require that HUD or FEMA put into place an effective publicity plan to reach out to these people who so desperately need this assistance.

In closing, I just want to quote President Bush in his speech in Jackson Square on September 15, 2005. "We want evacuees to come home for the best of reasons, because they have a real chance at a better life in a place they love."

Thank you so very much.

Chairman NEY. Thank you. Mr. Perry.

[The statement of Martha J. Kegel can be found on page 125 on the appendix.]

**STATEMENT OF JAMES PERRY, EXECUTIVE DIRECTOR,
GREATER NEW ORLEANS FAIR HOUSING ACTION CENTER**

Mr. PERRY. Committee members, I would like you to consider the following statements.

I would like to live—"I would love to house a single mom with one child, not racist, but white only."

“Not to sound racist, but because we want to make things more understandable for our younger children, we would like to house white children.”

“Provider will provide room and board for \$400 but prefers two white females.”

These may sound like flashbacks to the 1960s, but these are advertisements that were on Katrina evacuee websites in 2005.

My name is James Perry. I am director of the Fair Housing Action Center. I have 28 pages—

Chairman NEY. Mr. Perry, that was on a website of who?

Mr. PERRY. Sir, there are five websites.

Chairman NEY. Okay.

Mr. PERRY. Katrinahousing.org, Katrinahome.com, DHRonline.com, and reliefwelcomewagon.com. These websites have these discriminatory advertisements listed on the websites. I have 28 pages here of those very advertisements. My organization has investigated and found the advertisements and we have pursued litigation as a result. But very blatant discriminatory advertisements. Unfortunately discrimination is alive and well in the wake of Hurricane Katrina and Rita.

My organization is an 11 year old organization that fights to eradicate housing discrimination. We have gotten more than 200 complaints of housing discrimination since the hurricanes hit. And I am going to give you a few examples of some of the things that we have been uncovering.

First is that some landlords have represented to black home seekers that vacant livable units were unavailable or unlivable.

Some black home seekers have been charged more rent and higher deposits than the white, for African Americans than for their white counterparts.

Rental agents have failed to return messages to African-American home seekers while returning the calls of their white counterparts.

Rental agents offer special endorsements like lower security deposits to white home seekers while failing to offer the same to their black counterparts.

People with mobility impairments have complained that there are few accessible units available to them.

In December, we were forced to file a lawsuit against the City of Denham Springs after it applied its zoning code in a manner that discriminated against a group home for displaced New Orleans residents with mental disabilities.

And I previously listed these five websites or noted these five websites. Important to note is that one of the websites, DRHonline.com, is specifically endorsed by FEMA. FEMA lauds this website as one of the best mechanisms for people to find housing. And this is in a Times Picayune article even after we filed a complaint against FEMA and even after FEMA knew that there were discriminatory advertisements on the website.

A study by the National Fair Housing Alliance after the hurricane found that 66 percent of the time evacuees who were African American were treated less favorably than white evacuees seeking housing.

I say to you, committee members, unfortunately, housing discrimination is alive and well after the hurricane. My organization is the single organization for assisting victims of housing discrimination in the entire State of Louisiana. Before the hurricane, we had four employees; since the hurricane, we are down to two employees because two of our other employees have been displaced. We receive some assistance in fighting housing discrimination from HUD, some assistance from the Lawyers Committee for Civil Rights Under Law, and some assistance from the National Fair Housing Alliance, but we need more help. And I heard you mention earlier that there has been money appropriated for fair housing and we need it, desperately need it, and we thank you for it.

In addition to talking about housing discrimination, I want to address a few overall concerns when it comes to the rebuilding. The first is that I have got to make clear before we talk about housing, we need levees; we need category five strength levees. I know it has been said already, but I cannot emphasize enough how important and essential it is to us.

With that said, the issue here is changed. It had been about food and water and these basic needs that people had, but it has changed and the new most important issue is housing and that is why we are all here today, because this housing issue is so very important.

While I would submit that there are several places where FEMA has obviously failed when it comes to housing and I am not going to go into that too much because we have talked about them a good bit already. But I will talk about SBA for a moment because I think we have not focused on, we have not talked about SBA much. But essentially, SBA is running a housing program in that evacuees who need to get—who need to get loans in order to renovate their homes are directed by FEMA to SBA to apply for loans.

SBA, in October, had turned down nine out of every 10 loans for housing assistance. Nine out of every 10 loans in October had been turned down for housing assistance. So the question becomes for a person who is relying on SBA for the loan to renovate their home, where do they turn? Because SBA is not going to help them. So one thing that I would implore is that you look at FEMA and SBA and consider that what they have actually had to do is change from business entities and from emergency management entities into housing entities. And so, just as the gentleman suggested earlier, we would recommend that HUD handle housing issue. HUD is a true housing entity.

With regards to the Baker Bill, we do support the Baker Bill, but there are a few things that we want the committee members to consider as the Baker Bill makes its way through the process. The first is that right now it only gives 60 percent of the value of a home to a homeowner. We think that amount should be 100 percent.

Second is that we want to make sure that participation in the Baker Bill remains completely optional and at no point does it ever become required for citizens.

Next is that the Baker Bill sets it up so that developers can come in and develop properties. We think that there should be an option

so that citizens could also choose to develop their own homes through the funds provided through the Baker Bill.

Third is we think that there should be a requirement that the Baker Bill—that any developers who acquire property through the Baker Bill process are required to have mixed income developments and they are required to reserve a portion, at least 20 percent of the properties, and make them accessible for people who have mobility impairments.

The last thing, the last point that I want to make is about the Hope 6 program. I think that the Hope 6 program on the whole is an excellent idea. It is this theory where you want to deconcentrate poverty and end residential segregation. Unfortunately, it has not worked in the City of New Orleans. I think that the committee members have viewed some of the Hope 6 projects and they are beautiful; they really look good. And here is the fundamental issue. What happened is that it has taken poverty that was concentrated in one area, deconcentrated that particular neighborhood, but then concentrated it in other low-income parts of the city. Right? So in effect, what happened is that there is more poverty in New Orleans East and in the St. Bernard housing development because so many residents who were in what are now Hope 6 projects were reconcentrated there. So there is more residential segregation as a result of the Hope 6 program here in the City of New Orleans.

So we need some more guidelines to make sure that I guess when you desegregate you cannot desegregate just one neighborhood, because what happens is that you may end up segregating another neighborhood or reconcentrating poverty in another neighborhood. It has to be a citywide approach, a holistic approach.

Finally, I would submit that here in the City of New Orleans, we have been through obviously a very, very tough time. You know, I think that in other parts of America where Katrina had some effect, it affected just about everybody. And it really did not have any care for what race a person was. But here, because of residential segregation, it happens to be that mostly African-American neighborhoods were affected. What I implore you is that as you consider legislation, you make sure that the goal of the legislation is to end residential segregation. If there had not been residential segregation, then Katrina would have affected people equally, but rather African Americans were affected by and large by the effects of Hurricane Katrina.

In my comments there that I submitted, I have in my written comments about 44 recommendations or ideas for things to consider and there are some things that are directly appropriate on the Federal levels, so I implore you to take a look at those comments.

Thank you.

Chairman NEY. And you have that for the record for us?

Mr. PERRY. Yes.

Chairman NEY. Dr. Gable.

[The statement of James Perry can be found on page 153 in the appendix.]

**STATEMENT OF DR. WILLIE GABLE, JR., EXECUTIVE VICE
CHAIRMAN, NATIONAL BAPTIST CONVENTION, USA, INC.**

Mr. GABLE. I represent the National Baptist Convention, USA Housing Commission where I am executive vice chair and I am a board director of the American Association for Homes and Services to the Aging, representing about 6000 facilities for senior citizens in the country. My testimony has been provided to you and is on record. I would just like to, in the interest of time, highlight a couple of areas of the written testimony that is in your record.

One is that I think it becomes critical that the project-based Section 8 certificates that HUD has, that there be an abeyance for those Section 8 project-based certificates for our units that have been damaged so that we do not lose those certificates, but that it be held until our facilities are brought back on line. If not, we are going to end up without any income.

In addition, in the testimony we are asking that you would have HUD to immediately release dollars for project-based facilities so that we can get them back on line. When the hurricanes occurred in Florida, what happened was they were told that they could use their deductibles and they would reimburse them, but it was long coming in terms of being reimbursed by FEMA for those deductibles.

In addition, HUD has REOs in a number of HUD properties that they own in and around the State and in the country. What we are recommending is that waivers be given and those properties be transferred to faith-based groups and to non-profits so that we can use those facilities to house low- and moderate-income individuals in those particular facilities.

And the Louisiana Baptist State Convention, along with the National Baptist Convention and AAHSA, stands ready right now to receive some of those properties. What happens most of the times with the REOs is that the major corporations are able to purchase those because they have the funds to get them very quickly off the market from HUD. But if we had the opportunity, I think that we could do so.

I wanted to share those highlights, but also to point out as a pastor and as a victim of Hurricane Katrina who lost everything in my home and my family—now living in Baton Rouge with my family—, what I found out after the first week was that FEMA purchased all of the rental housing in Baton Rouge and locked it up so that most of us had to get—units that we have now in Baton Rouge, we either got them because of the blessings of God or somebody helped us. But they put FEMA employees in units. Particularly sometimes where you had two bedrooms, you have got one FEMA employee staying in a facility in the Baton Rouge and other areas. They purchased all of them and you can check that for the record.

For the FHA program that is being touted saying that we can get, who had FHA homes, we can go to FHA and get a loan. They are not saying in the loan application—Mr. Williams, who was here is not saying for those who were eligible for FHA, the only way you can get that FHA 1-year mortgage payment is that you have to prove that you have no income. Well, I mean, I do not have any income, at least from my congregation, but my wife is working, so we will not meet the threshold to even get the FHA. And yet we

cannot move back into our home. Actually, what we are doing is robbing Peter to pay Paul with Visa and MasterCard. Peter and Paul is going to show up at some point to get paid and we realize that.

The other thing is that with the \$11 billion of CDBG dollars that you approved, the Louisiana Recovery Administration, as I shared with Congressman Cleaver, is going to be the group the State utilizes to develop the plan. So there will not be no community input on that. New Orleans should have gotten a portion of those dollars automatically rather than having to submit a plan to the State that does not have the capacity to handle the dollars.

And then finally, Entergy in my area, where we have just been told yesterday we cannot rebuild in Lakeview, Entergy sent a letter yesterday to my home in Baton Rouge saying they are turning the electricity on and either I pay a monthly fee, even though I am not there, or I disconnect and if I disconnect I will get my deposit back, but then if I go back I will have to pay a new deposit that will be higher than the deposit that I have now. So, you know, I have to determine whether—obviously what I am going to do is pay a monthly fee and not be there because there is nobody in the neighborhood. So I think these particular things are quite important in terms of us trying to get together.

Congresswoman Lee asked about connectivity. What we have been trying to do through Global Crossing/Bell South, we were able to get a 1-800 telephone number for our members of our congregation free of charge, and through that method we have been keeping at least 50 families online three times a week and providing them with information. We are a part of that 8000 that the mayor talked about who want, who have asked for a group of trailers to put on our properties around the church so that we can bring our members back. But like Jim Kelly and others have said, I had three funerals last week, last week, of individuals who died early because of this trauma.

And so I thank you for coming. I implore you to continue to do what you are doing. As we come near the celebration of Dr. Martin Luther King's holiday, I am reminded of something that he said. "Our lives begin to end that the day that we remain silent on things that matter." And I believe that you are going to—and I know in my heart you are not going to remain silent.

I thank you.

Chairman NEY. Thank you. Mr. Noel.

[The statement of Dr. Willie Gable, Jr. can be found on page 108 in the appendix.]

STATEMENT OF RANDY NOEL, PRESIDENT, REVE, INC.

Mr. NOEL. Good afternoon, Mr. Chairman, Ranking Member Waters, members of the subcommittee. Thanks for the opportunity to come and address you.

My name is Randy Noel. I am a custom home builder and I want to share with you the experiences that we have been having since the hurricane. My written testimony is an expansion of what I am going to tell you today. These are the things that we see are issues with us rebuilding this great city and the surrounding area.

One of the significant problems is the homebuilders and the remodelers being able to find laborers. It has been very, very difficult to find people to work for us because, for example, I had a bricklayer that lived in the 9th Ward. He lost everything in the 9th Ward, moved on to Mississippi, and started to work there. He would have come home in the first couple of weeks, but he did not have any place to live. And so he remains in Mississippi. And we lost several of our workers that way.

Then it came time to hire new workers and it was difficult to find new workers because the large contractors that were put on by FEMA were out hiring our people at double the salaries. We would have people come in; we would start the day with 10 framing carpenters to frame a new home and at the end of the day end up with four because they kept getting fed off at these higher salaries and these other opportunities which has made it really, really difficult for us to begin the rebuilding effort.

The other thing about the temporary housing has been, as soon as the hurricane hit, most of the housing that was available was zapped up and you have heard that all day. And it was very difficult to get trailers. We went to the Office of Emergency Preparedness and said that we need trailers to put our laborers in so we can start to rebuild this area. Because most of the homebuilders in this area are small business people, they did not get the trailers as did the large corporations and larger refiners and manufacturing areas that were able to get trailers.

And I have a son who wanted to get involved in the recovery effort. He hauled debris for about a month, then he wanted to deliver trailers. And this would give you an example of the situation with the trailers. He was going to pick up a trailer at Louie Armstrong Airport one day and they were going to release the trailers at 10:00 and he got there at 10:00 and they said, well you need to go on home because the 25 trailers we release a day are already gone. So he had to go like the next day at 5:00 in the morning to get in line with a long line of folks that wanted to pick up trailers and deliver them to people's home sites, but they only delivered 25 a day. And at that rate we will not have trailers for a long, long time. That needs to be addressed.

Another situation that we are finding happen is the Homebuilder Association of Greater New Orleans put on a consumer fair last year where we invited people to come and ask us questions about rebuilding their houses, about remodeling their houses, and where to go and what to do. We had some thousand people show up and the number one question was they were completely confused about what to do next. And part of the problem is, is (a) in the media we have been constantly bombarded with we are going to raise the base flood level and you are going to have to raise your home. Well, that probably will not happen for almost a year to get new flood insurance maps put in place. The base flood elevation is the maps that we have had since 1984. So we were constantly telling people go ahead and fix your house; if your house is built after 1984, you do not have to raise it to the base flood elevation.

The second thing was is FEMA has a mission statement that basically says that they want to mitigate future damage. Part of that issue is they go out and try to assess through the permitting office

whether their home has been 50 percent substantial damaged or not. The definition of that is if your house was worth \$120,000 before the storm, you take \$20,000 out for the land value. After the storm, if it costs \$50,000 or more to repair your home, you are now required to raise it to the base flood elevation if it is not at the flood elevation.

The confusion is in the way that is established it is real subjective. It depends on who the person is making that establishment. So what they did is they put on a website, the city website, a range in a lot of cases, 40 to 70 percent.—What do I do now? And then if they show up at the permit office and try to get the permit to repair their house if they have been assessed as being more than 50 percent, they have the opportunity to appeal it, but you cannot call the permit office right now because there is no way to get to them on the phone and if you go and get your building permit, it is a day's event because of the line that is going in there.

Part of the requirements that FEMA has is you have to have a building permit to do repairs. So everyone that is doing repairs has to go in and get a building permit. Now you can get the permit online, but the problem is you have to go to the office to get it. And they have kiosks set up in there, but they are five or six deep and they do not always work. So it makes it very difficult.

The 50 percent rule, I can take four or five different appraisers come up with four or five different values and I can take four or five different contractors and come up with four or five different contracting repair values.—And which one is right and which one is wrong? It is just a bad way to do this at such a bad time. People are emotionally drained because of this whole process and then be confused about whether to rebuild, tear down, buy new, move away. It makes it very difficult. So we have to look at another way of doing this mitigating for future damage. This 50 percent substantial damage rule is real problematic.

The BFE, Base Flood Elevation, needs to be clear. The people in New Orleans need to know if your home was built after 1984, we are not raising your house; you do not have to raise your house. Do not worry about the 50 percent substantial damage; go fix your house. That needs to be stated clearly so they know that so they can go ahead and fix the house.

Chairman NEY. Your time is expiring. But you can summarize.

Mr. NOEL. I think the most important thing that we need to do from the Federal Government perspective is our permitting office—and from the homebuilders perspective—our permitting offices are swamped trying to meet this criteria. They do not have tax revenue to continue to have employees, so they had to lay employees off, so they cannot issue the permits so people can rebuild.

We are confusing the folks with this 50 percent substantial damage rule and we are confusing the folks by not giving out a clear distinct message on the Base Flood Elevation.

And one other thing, if I might add, is my firm believes if we are going to do anything about affecting people's properties, they need to be an active, engaged person in that process. The American dream of owning property in this country needs to be protected at all cost. We are going to rebuild this great city and the Homebuilders Association are going to help rebuild the city. We have a

lot of people from around the country that want to help rebuild the housing where those poor folks can go. We work with ownership wealth program; this is a major opportunity where we can move tenants into homeowners with the help that we are getting from around the country. And I think it is going to be exciting what happens in the next 5 years.

Thank you.

[The statement of Randy Noel can be found on page 143 in the appendix.]

Chairman NEY. Thank you very much.

A couple of questions I had. Ms. Lewis, for families such as yours, the hotel rooms that you get, is it two rooms or one room?

Ms. LEWIS. One room, two beds.

Chairman NEY. One room.

Ms. LEWIS. Double beds.

Chairman NEY. Two beds. No other rollaway?

Ms. LEWIS. No, and if you get the sofa bed, you get the king size but you just get one bed. So you can either get two double beds or you get the king size bed.

Chairman NEY. I am not blaming the Hotel Motel Association for this. You built that a long time ago not anticipating that this was going to happen. I just need to say that. I just—like I said, as much as I dealt with this issue, there is just new things coming out that frankly unless—I do not know, I have not paid attention, that are not being talked about, about people's conditions.

A couple other points maybe you will want to answer or anybody else. What about, there used to be women shelters that women could go to if they had abuse of women; now those are gone I understood. Has there been anything recreated for example for women shelters, for halfway houses, for persons with special needs that had a workshop maybe they worked at? Back home we have workshops, things like that. Has that been temporarily recreated?

Mr. KELLY. We ran the Crescent House Women's Domestic Shelter in New Orleans. You have seen its picture everywhere. We also have a set of attorneys who work protecting women; we have counselors. We have two buildings; one we will probably open this month. In general, what we understand is women will not flee in the early months because they are afraid of what will happen. After 3 or 4 months, the post-traumatic stress starts, then the numbers are going to start to spike. Understand that a woman flees 7 times. Once you put a person in a shelter, the idea of a shelter is to help them then move on to housing. We know the issue for those is permanent housing. We are working with a whole network throughout the State, so if we have a woman who needs to flee, we access other centers within the State.

Mr. GABLE. We have two substance abuse facilities in the community and we have been working with FEMA to try to get those back on line and Louisiana Public Assistance Program. But I think there are about 160 pages that we are working through to get those two. Now we are keeping track of our clients to make sure where they are around the country and if they are getting the support. But the problem is getting the assistance from FEMA to get those buildings back open so that those individuals—and actually these

are substance abusers who were managing their addiction saying that they want to come back.

Ms. KEGEL. We had about 2700 emergency, transitional, and permanent housing in our continuum of care prior to Katrina and just this week we updated what the current status of all those units are and only about a quarter are currently operable. And that is primarily because of storm damage, most of the agencies still have not gotten their insurance settlement. Difficulty—they have difficulties finding, you know, companies to come out and do the work. That has been a major problem. And then the other problem is personnel; some of the buildings that have reopened have not been able to get at full capacity because so many employees have been lost, you know, were displaced and unable to come back home.

Normally, I am not a fan of more emergency shelter, but actually in New Orleans we really could use a Red Cross shelter. And we have tried hard to get the Red Cross to open a shelter here and have not been successful. Because our street outreach workers are having to turn away. We estimate—they estimate to me that there is at least 2000 homeless people and I am not counting of course the people that are living in hotels and trailers. Just 2000 literally homeless people in New Orleans right now, and we only have one of the homeless shelters open right now. The others were not able to re-open for a variety of reasons; two of them were severely damaged. And this is a city that actually does need a Red Cross shelter more than anyone else and we cannot get a Red Cross shelter here.

Chairman NEY. Do you know why?

Ms. KEGEL. Well, I would rather have the city and Red Cross answer that question rather than put words in their mouths.

Chairman NEY. Okay, one—we might ask that in a follow up letter. I think you mentioned something about a rental subsidiary deadline?

Ms. KEGEL. Yes, the Katrina Disaster Housing Assistance Program, which is the HUD-run program for people who had received Federal HUD housing assistance prior to Katrina and/or were homeless prior to Katrina. That program has a March 11th deadline. And the special needs portion of it anywhere in the country is not even running at this point. And especially for the homeless people who were told by FEMA that they were not eligible for FEMA assistance, most of them never signed up for FEMA assistance. They tried to; they were told that they were not going to be eligible to get any help. So to tell them that—I mean to have a March 11th deadline when this program is not even accessible, as we speak, for a population that is very hard to reach and there are no funds in the KDHP Program to do outreach, it is just not reasonable. And I think that if there has to be a deadline, it needs to be December 31 so that these non-profit organizations have a chance to try to do outreach and really there has to be a national publicity campaign to try to reach homeless people around the country to let them know that they are eligible for this program because many of our pre-Katrina homeless people are still scattered.

There were many other heroes who did a great job getting as many homeless people as possible to the Superdome before Katrina, so most of them ended up going to Houston. From Hous-

ton, they were evacuated all over the country. And they need an opportunity to avail themselves of this assistance.

Chairman NEY. For the members, I will finish up here; I will be real brief.

Dr. Gable, I think it was your personal home, you cannot rebuild, they said, you said can not rebuild?

Mr. GABLE. Yesterday, the plan came out saying that our area in Lakeview—

Chairman NEY. I am sorry, where is Lakeview in relationship to—

Mr. GABLE. Out towards—

Chairman NEY. We were by there today. I am sorry, yes.

Mr. GABLE. So they are telling us that we cannot rebuild and, you know, that 50 percent that Mr. Noel was talking about.

Chairman NEY. I am sorry. Who told you cannot rebuild?

Mr. GABLE. Well, it is being recommended by the city's Commission for Rebuilding New Orleans.

Chairman NEY. Why would that be for Lakeview?

Mr. GABLE. Because we were—the levees there are not sufficient and again having grown up here, it was never the levees; it is a levee wall. And the levee walls were engineered improperly, constructed improperly, and maintained improperly. And that is what broke. You did not have water going over the Mississippi levee or the Lake Pontchartrain levee. There is a difference in the old levees with the mound and a levee wall that holds the water back. The water pushed those walls and that is what caused the flooding.

Chairman NEY. What would be the difference of decision of rebuilding, let us say, in the 9th Ward versus where you are at or was it, were you so close to the levee that the force of it was more destructive?

Mr. GABLE. I have not had a chance to read the report to go online. It just came out yesterday. Some others might be more familiar with it.

Chairman NEY. I am just curious what makes the difference that you can rebuild in the 9th, but you cannot rebuild—

Mr. PERRY. It does not really say that you can rebuild in one neighborhood or another. What it says is that there should be a period where citizens should come back to the worst affected areas and start to work and if the areas see a significant come back, then the city will make a decision at that point to start to dedicate resources to that area. If the neighborhood does not get together and come up with some type of plan and start to come back, then the city will not designate resources. So, in essence, what they say is—

Mr. GABLE. We have got to do that in 48 days.

Chairman NEY. That is hopeless.

[Laughter.]

Chairman NEY. You think the Feds are bad.

Mr. PERRY. What they say is that you have to wait this whole period; they recommend do not issue any permits; do not do any construction at all until they determine what neighborhoods are the neighborhoods that will come back. So if you are in Houston, or somewhere else, you are supposed to sit there and wait until the city makes a decision about which areas. We do not know if it is going to be lower nine.

Chairman NEY. But in my hometown, I had a county that had 24 percent unemployment; it is Appalachia; our steel mills closed, et cetera, but the whole thing is you can live in a county that has some depressed economy, but you can live in one place and work in another. So it is not really incumbent upon just what stores are rebuilt in a neighborhood, I would not assume. I do not want to get way into this. This is some local discussions, but if they are going to use Federal money or want Federal help too, those discussions I think need to occur, my opinion, with the Fed, State and local.

Mr. KELLY. It would be helpful for you all to see the map of 80 percent of the city.

Chairman NEY. I have not seen it. Could we get a copy of that map?

Mr. JEFFERSON. It was a capitulation to the idea that the decision makers on the committee did not want to make a decision. But they have made one impliedly by giving the citizens such a short window of opportunity. Basically, the decision bears no relation to the risk that is supposedly presented in the neighborhood for flooding. If enough people hold their hands up, no matter how low the area is, they apparently get paid attention to. And if they do not hold their hands up, of course. They do not.

Now this is totally counter-intuitive if you are talking about how to make the area safer for people to live in and you are worried about areas of survival, that is one thing. What I think is happening here of course is that there was just a reluctance for the Commission to say we do not think you ought to rebuild here. They made it impossible for people to come to decision themselves to do it. So consequently they are going to say people are unable to have meetings to sustain themselves. We have communities and we have virtual communities with folks all over the country; how can they come together in that short period of time. How can they make a decision at the end of the day. If they keep to this proposal, you will have large parts of the city written off.

Without taking up the committee's time, as I said today if the Netherlands can live 20 feet below sea level and they are there for the reason that it has economic potential, they need deep sea water in order to have a huge port like they have. That justifies the existence of the Netherlands. There would be no Netherlands without this deep sea water. But it presents a threat.

We are here because of the river. New Orleans is justified as a community because of its situation on the river and access to the Gulf and on out to the world. Otherwise there would be no reason for it to be here. We have to learn to live with the water and I guess all the rest of it, the oil and gas and all the rest of it that we explore off here.

So, in any event, without taking up the committee's time, what essentially has happened here is you have made a plan which essentially is going to write off large parts of the city if it is adopted, and I hope it will not be adopted in the way it was presented.

Chairman NEY. I want to ask Ms. Lewis—another question for Ms. Lewis. The schools, how are children; children are going to school?

Ms. LEWIS. Yes, children are going to school. They catch the buses from the hotels.

Chairman NEY. I noticed some of the schools were destroyed; I think I saw Martin Luther King Elementary; I saw it.

Ms. LEWIS. I was not speaking about here; I was speaking about in Lafayette.

Chairman NEY. Oh, I am sorry. I was talking about here, people that were here in hotels or in Lafayette. So you are in Lafayette.

Ms. LEWIS. I am in Lafayette.

Chairman NEY. There is a school over there; I am sorry. One other thing, what about counseling services; obviously people are under all this stress. Children, you know, are in hotel rooms, and it is tough enough if you have five or six rooms and you know how things are. So are there counseling services, a number that people can call, pick up the phone and call somebody?

Ms. LEWIS. When I first went into the area and I started having problems with my son, because he felt that he lost everything, he was devastated with the situation. He is a 15-year-old; I went to the school and asked them for counseling. They did not quite—of course, this was new to them too. So they told me that we could have someone come in and talk to him for maybe an hour and that is about all we can do. They said that was something that has to be in place from the State level in order to put counseling in the schools. So I asked them what about the requirements for the LEAP test for my son, because he is in the 10th grade. They stated that he would have to pass the LEAP test like everybody else would have to pass, even though he went through the devastation he went through. I went several times and asked for counseling for him. But since—I think one school I found out they did have now in place I think it is 1 hour a week with the students.

Chairman NEY. So the school is helping, the school is the resource people would probably turn to for children then, the school is the resource for counseling?

Ms. LEWIS. I asked many schools about it because I went to several schools to visit other children besides just mine. They really do not have a clue how to deal with this situation because they have not been through that themselves. So they really do not understand what the children are actually going through.

I have a friend that lives in Houston and her son got in a fight for the first time because kids were teasing him because he came from New Orleans and he lost everything. He was saying about his little toys he had lost, so he took it personal as a child of course. So the kids, they do not—the teachers do not understand, some of the principals either, why the children are acting out at this time.

Chairman NEY. Mr. Schedler, real quick, there is a lease issue. I heard it in Washington with our hearings; there was a lease issue. I cannot remember exactly what it was, but that the people in the hotels were having a problem because the Government—I do not know if it was FEMA; I think it was FEMA—could only say you could have a 3-month lease or something. Do you know what I am speaking of? There was an issue and they said that people that had, you know, obviously had rental properties, it would be hard to say okay, 3 months, we will do a lease for you. It is hard to require—have you heard of that issue at all.

Mr. SCHEDLER. Are you talking about hotels specifically?

Chairman NEY. The people living in hotels and now want to come into apartments.

Mr. SCHEDLER. Okay, what I have seen down here has been generally what they have done before which is 6 month leases.

Chairman NEY. Six months, okay.

Mr. SCHEDLER. I cannot speak for everybody; I think most owners are probably going for 6 month leases.

Chairman NEY. Thank you. Ms. Waters, thanks for your patience.

Ms. WATERS. Mr. Chairman, I would like to again thank you and thank all the Members who showed up here today, thank all panelists who helped us to understand exactly what is going on here. I am going to leave here pretty disgusted, feeling that there has been a lot of bumbling, incompetence, manipulation, insensitivity, and everything that I can think of to describe what I believe is a lack of responsiveness or will to do what needs to be done to provide some basic assistance to people who have been devastated in ways that most of us never ever ever could have imagined before.

And so I am having several thoughts here. One is I am going to work with Mr. Jefferson taking a look at some of the needs that have been identified today to see if we cannot expedite a few things; just take some of these things as case management kind of needs and see if we cannot move some things. Mr. Jefferson is back in—for example, Dr. Gable, this site for the potential of 8000 trailers to be put on property that you have identified, I think that should be one of the cases that we take on with FEMA to see if we cannot move it along with these individuals that you are going to try and help.

I often feel a lot better about helping to solve problems when I can personally do something, I can get involved in some way to make something happen. And I think we have identified a number of things.

Let me just say to the Hotel Association here, we do not intend to have anybody placed on the streets by FEMA because they cut off payments to the hotels and we do not intend to have you in a position where FEMA is abandoning the tenants and you have to put them out. I think that is an untenable position to be in. And given all that you have done, if FEMA continues the payments, as they will, we are going to have to make sure they do that. We ask that you bear with us as long as you possibly can to get people transferred into either transitional housing or permanent housing. So I appreciate what you have shared with us today.

That is on our radar screen and that is what the Congressional Black Caucus met with FEMA about before we left and we did make it clear to them that we do not intend to have anybody to be put on the streets with these deadlines that do not make good sense to us.

All of you have given us some very, very valuable information. Some other things that I think we could do very quickly is, if FEMA is supporting a racist website, we are going to deal with that right away. They have no business having their names in support of any racist website that is advertising, you know, apartment rentals under those kinds of conditions. Things that we can try to do right away.

We have heard more than once today, and I am glad that you are bringing it to our attention because we are the Housing Committee, that FEMA is not capable or competent to handle the housing needs of this community. And so I hope that—this discussion has been raised before, Mr. Chairman, about whether or not HUD should be the agency that is doing the housing, that is taking care of the housing. We are going to have to find a way to revisit this and see if we cannot only respond to what we hear, but what we really know also about how to start to deal with these housing needs.

I guess there are several other issues that have been raised here today as far as Mr. Schedler has identified the need for looking at how to rebuild these units, how to do it quickly, how to have a one stop shop; how to get rid of some of the onerous requirements, all of that. I would think that giving the so-called appreciation for the needs of the business communities like so many Members of Congress that this should be done in the State and the local government, et cetera, right away.

I appreciate all the non-profit agencies and Catholic Charities and others and the Salvation Army who are feeding the people every day, who are taking care of the homeless and all of that. And I appreciate you doing it without the resources that this Government should be providing for you to do it.

Now having said some of that—and I cannot say everything that I am feeling right now—I am probably going to have a lot of sleepless nights. This business of who gets the assistance of local government and the requirements of local governments about what areas may be rebuilt based on, as Mr. Jefferson describes it, who raises their hand is absolutely ridiculous, outrageous, and cannot be tolerated.

And I just have to say to you, while I am a legislator and a Member of Congress with the responsibility for public policy—I am an activist and an organizer. I may do that better than even legislating. And if it takes me connecting with many of the activist organizations around the country to come back into the communities and help them raise their hands under this ridiculous requirement, Mr. Jefferson, I just tell you that many of us will dedicate our time to doing that.

If New Orleans wants to be the focal point for national activism, then let it be. We had some activists in the audience today who come from a lot of different communities around this country and I just tell you that many of them are going to leave here feeling the way that I feel, that maybe this whole Government is too slow. Maybe this whole Government does not care enough. Maybe this whole Government needs a kick in the behind.

And so if it is going to take some national activism to help move public policy, just as the people empowered me to be a public policymaker, I feel like they also empowered me to be an activist and I do not mind doing it.

So with that, I am not going to ask any more questions. I am not going to say anything else except to tell you all I am up to doing what has to be done. Okay?

Thank you, very much.

Chairman NEY. The gentlelady from California.

Ms. LEE. Thank you very much. As we say in the House, I associate myself with the remarks of the gentlelady from California.

But let me say to you today that this has been probably more devastating than most of us had in mind and, in fact, I agree with Congresswoman Watson; Every member of Congress needs to come down here, every Member, because every committee has some jurisdiction over an effective and immediate response.

Secondly, much of what you shared today, I did not know, for example, what Ms. Lewis said about the food stamp issue and guaranteed I will go back and we are going to look at that. I assume all of you know that in fact once a displaced resident gets the \$2000 from FEMA, then they are ineligible for food stamps. That is really mind-boggling; I cannot believe that. Trust me, we will go back and look at how we can fix that, because to me that is probably one of the most inhumane policies that a government could promulgate under such dire circumstances.

On the homeless issue, with regard to eligibility of the homeless for whatever assistance is out there, we are going to have to figure out where, first of all, the homeless are. You say there are about 2000 left right now here in New Orleans. But how do we find everyone? And then how do we make sure that if they did not have a place to live other than a shelter that they are eligible for the type of HUD assistance and FEMA assistance that they deserve. And you know, I am not sure how the rules impact those who were homeless and had to leave. So we are going to have to look into that and I look forward to working with you on that.

Again, going back to the suicide rates and the mental health needs, these issues are directly related to housing and the hope that is out there in terms of the ability to return and not return. And we are going to have to figure out how to make sure that HUD or FEMA or whatever appropriate agency we can find, has the resources for mental health services because that is not disconnected from housing.

And young people, in terms of their acting out, we are going to see a lot more. I know we are going to see safety issues; we are going to see serious long term mental health issues with children and with senior citizens and with others. So we are going to have to figure out how to work with the appropriate agencies to make sure that we can find—the money is there I know, but how we can redirect or direct money for the very severe mental health needs of individuals in this region.

Finally, let me just say with regard to the discrimination and the racism, we saw that coming. We knew it and in fact in the CBC Bill, the Congressional Black Caucus Bill and the Baker Bill, we did put in the requirement that HUD redirect some resources to hire, you know, complaint officers and individuals to make sure the fair housing laws are complied with.

I am not sure if people—I mean people who are displaced and just trying to get home, I do not know if they—and Mr. Perry, maybe you can answer this, if they are aware that they can file housing discrimination complaints and fair housing complaints or are they too bogged down right now with just survival to let it pass by if in fact they are treated in an unfair manner?

Mr. PERRY. I would submit that New Orleanians are aware of their rights under the fair housing rules because this organization, even before I lead it, did a good job at education and outreach in the New Orleans area.

Ms. LEE. Good.

Mr. PERRY. Katrina evacuees who are not from the New Orleans area I think do not have the same opportunity. One of things that demonstrates though that New Orleans know is that about 75 percent of our complaints are coming from outside the New Orleans metro area. The New Orleanians who are in other parts of Louisiana who have been discriminated against call us and we will investigate the case.

Ms. LEE. So the number of cases should increase with HUD's fair housing complaint division?

Mr. PERRY. Yes, I think so. I will be frank though; the biggest issue we have in this is that we do not have enough resources to adequately investigate all the cases.

You may be familiar with the process that we go through to investigate fair housing. We do testing. So if an African-American female calls in and says that she has been a victim of discrimination, then we will send an African-American female and a white female to that apartment to try to rent that same apartment and see if they are treated equally. And so we had a pool of about 50 testers who used to go out and do that testing for us. But they are dispersed all across America like everyone else. So we have had to retrain testers. We have to pay testers every time they go out and do these investigations. Instead of the investigations being right here in New Orleans, we are sending them to Shreveport and to Lafayette and very far distances and those are expenses that the organization has to incur. So it has been difficult to investigate.

One other thing that has made it difficult is that there are loads and loads of unfair and improper evictions that are happening. And a lot of times, these evictions are not really discrimination issues; they are just frankly unfair or inappropriate evictions and sometimes they are fair and appropriate evictions. But people call us and say well, you know, fair housing. This is a housing issue and they may not be familiar with the fair housing laws. So we have to go through those hundreds of calls that we get to determine which ones are housing discrimination issues and which ones are really kind of landlord-tenant issues.

Mr. GABLE. If I may just add, Congresswoman, you know, in my case, the landlord went up \$140.00 from the previous date, but I had to get a place to stay the week after and so it may not be on color. It might just be on cash.

Ms. LEE. Gouging.

Mr. GABLE. You know, you just do it because you have no other place to take; it is two bedroom that is all you had available. I would suspect now that we are going into the sixth month and we have to re-up those leases; it is going to be much more. They are going to kick it up even higher because they know we have no place to go.

Mr. PERRY. I would add one more thing. In the case where landlords are upping the rents. One thing that we have seen is that there will be these low-income African-American complexes. Land-

lords will come in and try to get rid of all these low-income African-Americans and try to move in new Katrina evacuees. And so to the extent that it affects mostly African Americans, it is a discrimination case.

Now the fair housing law says you do not necessarily have to have intent, just the actual impact of discriminatory treatment. So there are some ways that those become cases, but that makes it so much more difficult with only two people to investigation.

Ms. LEE. Sure. Thank you very much.

Finally, let me just conclude by saying again, I just want to commend you for your service, your—really, everyone is going so far beyond the call of duty—and for your tenacity and steadiness. And just know that, as Congresswoman Waters said, many of us intend to work to make sure that what we feared initially in terms of the ripoff of New Orleans by developers quite frankly, I saw that and thought that could be a possibility, you could see million dollar condos going up where a \$100,000 house had been because of some of the dynamics around gentrification and land grabs that we know could take place. But just know that many of us are on to that also and look forward to working with you as you move forward in this recovery process.

Thank you very much.

Chairman NEY. Thank you. Mr. Cleaver.

Mr. CLEAVER. Thank you, Mr. Chairman. I would like to just emphasize again what Reverend Gable said and take it just one step further. When Congress passes legislation or when we appropriate dollars for HUD—and this committee does that—we do not get involved in the regulations. The HUD infrastructure does that, the career bureaucrats. I think in this case we might need to have the Secretary come to our committee because of a couple of things.

First of all, regulations require public hearings. The public hearings are, in most major cities, the most contentious meetings mayors conduct and for those of you who are here from New Orleans, you know it is usually packed to the walls and it is just the night that we have to deal with it. It is just the way it is. But if we ever have those hearings on a statewide basis, first of all, who do you notify and secondly who conducts the hearing? I can go on and on and on.

The other part of it that is as equally disturbing is, there—we are not even sure that the regulations will require a 30-day notice. There is some suggestion that maybe the regulations has been altered to 3 days.

And then finally, this is one of the realities of America. In my State, there are two major cities, Kansas City and St. Louis. If we have to depend on the State to disburse CDBG money, we would lose; it is over. Not just in Missouri, in every major—in every State in the country, if it is in California—and the reason is simple, the majority of the members of the General Assembly come from the rural areas. And what you are going to have is a fight for \$11.1 billion between New Orleans and those Mississippi small communities. And I cannot overstate, I do not think I am exaggerating the fact that this has been done in a way that is—people are almost going to go to fisticuffs. What is needed is an allocation for New Orleans based on the devastation, the disparity, the size of the

community, the way that the CDBG budget is normally allocated. And then there ought to be the money disbursed in other areas.

The other concern is members in other communities need to know that the Government is not supposed to say, we are going to give you this much money. And probably most of the people do not know that. That is, let us say for example in Mississippi, the Governor just says, okay, this community gets this much, that is not the way it is supposed to run. I do not think this committee can afford not to see what regulations have been put in place for the disbursement of this money. If we fail to do it, I think these people are going to be mad at somebody, and I just want you to remember my name, that I am the one that tried to stop it.

Thank you.

Chairman NEY. Ms. Watson.

Ms. WATSON. Thank you so much. And I again want to thank the chairman and the ranking member for coming here to the scene of the disaster and evaluating.

And I just want to very quickly suggest some things that will summarize what I have heard today. First, we ought to make it possible for local government and for the mayor to know where his or her citizens are and we ought to have those lists released so that the footprint for New Orleans will not change.

The next thing that I thought was an excellent suggestion is that we have the GAO to come in to review how to make the financing for temporary housing available, trailers, et cetera.

The Section 106 rates need to be honored and the tax credits and grants for new housing need to be given and I think that the people who are without income because they are without jobs and they have nowhere to live need to be given special consideration for long term rentals and leases. It just does not make sense to me to put people who have suffered through this disaster through those hurdles.

We need to increase the value of housing vouchers and we need to do something about the Katrina websites that have discriminatory messages on them. That is an outrage; it is illegal in terms of Government agencies and we can do something about that, Mr. Chairman, right now.

SBA has never been an agency that I thought reacted effectively to loan applications and what I understand is SBA has turned down nine out of 10 loan applications for new housings. That is outrageous too. And HUD should handle housing financing. I think what we need, Mr. Perry, is an ombudsman process, where all these complaints like we heard today, and they are in many different categories, are heard and then directed where something can be done about them.

I want to thank all of you who have testified today. And you have brought home to us the specifics that occur after disasters. You know, we get broad general reports in Congress; it is not until we get on the site to hear from those of you affected that we know the specifics. And thank you for coming and testifying, and I think we have most of your written testimony. And I trust the leadership of this committee that something will be done.

And we certainly will be compiling the recommendations and approaching those agencies and the departments that can make a difference.

So, again, thank you very much. And thank you, Mr. Chairman and ranking member for holding this hearing.

Chairman NEY. I just want to make a brief statement and ask, since it is the district that you represent, I will ask you to close, as we say in the U.S. House.

Just a technical thing, I want to note that some members may have additional questions for this panel which they may want to submit in writing. Without objection, the hearing record will remain open for 30 days for members to submit written questions to these witnesses and to place their response in the record.

I think we could do a fair housing hearing in Washington; we could do a fair housing on Katrina. I think make it comprehensive, we can do that. I think it would be a good idea.

The other thing I want to mention and not to single out Catholic Charities, but some of the first information we received on this was Catholic Charities and we found—on this whole situation down here in Washington, gave us great ability to tell us what was going on, where people were moving to, how everything was going. And we learn from groups frankly quite a lot and so I urge all of you if you have, some of the things we have discovered today, I think we can help with. Ms. Boyer has the four inch problem with the driveway, et cetera. Some of those things I think we can help with.

As you have issues and something is not going right, do not assume we know. You can call us; you can call my office; you can call the ranking member's office, Mr. Oxley, Mr. Frank; we all share information. So please, if you have things, do not assume we already heard it.

And I just want to again thank the Port Authority facility here and also our colleague Mr. Jefferson for helping us with this hearing and hosting us down here.

Let me just say again, I cannot tell you, you know, how much—we all have worked with these issues, but also coming here and seeing it, things struck me today in the home we went into and I am assuming it was an older woman's home and on the wall was her daughter's graduation picture and next to it was Amazing Grace poster and the Last Supper. No one—she had to move so fast that she did not take the picture. You know, I have children. If you say what can you take, you know, you can take a few personal things, you would take the picture. I mean, and when you see that, it is just like their life stopped and now they are in a situation where they are in complete limbo, the people are. You have got a lot of brave people, people really fighting down here to help other people and I know from my end of it and I think I can speak for all members, this is a good hearing.

I do not want you think we have not done our work; we have been doing it since day one together, screaming and fighting not with each other mainly, but to get answers from people. So this hearing though is good on the ground. Thank you.

Mr. Jefferson, would you like to close.

Mr. JEFFERSON. Thank you, Mr. Chairman. I cannot tell you how grateful I am to you and to Ranking Members Waters and to all

of the committee members who have come here today, my colleagues in Congress; thank you so much for coming to pay attention and to shine the light on the subject that is so critical to all of us in this Nation. But for the people here in New Orleans it is their lives; it is everything to them.

During this period of time when Members can travel to far away pleasant places when we are out of session and observe things that are less traumatic and less difficult than here, they have chosen to come here, which shows a great deal about their commitment and their passion and their interest in helping us to get through this.

So I thank each of you again for fulfilling the, I think, more than any of you thought the objectives that we had in mind when we asked you to come. Now your having come gave you a chance to be close to our community. The worst and the most difficult challenges and of course the best of it in the people who have come to testify who you have had a chance to encounter. And I think it has been a brilliant display of an array of people from different walks of life who have made the case as to why we ought to rebuild our city, how we can rebuild our city, and the things that we must do to work together to get that done.

From the ordinary citizens who have themselves been evacuees and who are still living as evacuees to the church-based, faith-based communities that have done so much to help stand things back up here to the folks that are interested in keeping the historic character of our city together some sort of way and to those folks that are trying to build our city back through all the red tape and risk that is out there.

And the issues that you talked about with the low income housing tax credit, we tried to make it as flexible and as large as we could this time. I read your testimony, and I see there are a few things here that we perhaps need to watch with our own State rules and work on that.

And to the Hotel Association and Motel, it has been helpful to our people, I think, what Ranking Member Waters said. We need to give you a little certainty as to how you can help without burdening you too much, to make sure our people are in good shape.

This issue about the State—FEMA has this business which I think we ought to try to figure out about how the State plan requirement works. FEMA does not want to deal with all these cities and school boards and parish governments; they say we are just going to deal with the State, which is why CDBG money, which ordinarily would come to an entitlement city like New Orleans, and some part of it goes to the State under this FEMA operated State plan. There is not much reason why we ought to do that. We have got the formulations there already; we ought to know how these things can be disbursed, except that it is going to be quite a challenge to get it out of the State. And it will be, it will not be so much Mississippi because we are going to get an allocation at some point that is just for Louisiana. But it will be the towns in Louisiana outside of here that will lay claim one way or another, for some reason or the other. Because you are in Lafayette, somebody will say we had an impact in Lafayette; forget about New Orleans; let us just bring some money there to take care of that local impact.

So we have a lot of challenges here, but I am convinced that it is just a matter that is a matter of political will as to what choices we make. It is not what we can do. It is not what we cannot afford. It is none of those things. It is what we want to do to bring back this city, what our vision is for New Orleans and for this region, as I have said in my earlier testimony.

So this I think helped us to advance the idea that we can pull our city back and make ourselves whole as well as we can with some folks we have already lost, but as whole as we can now, given the circumstances. So this could not be advanced without a committee willing to come out in the field as it says and hold a field hearing without the constraints of Washington that cuts the time so short and makes it so difficult to have discussions, do it out here with your people. This could not be done without your having come here.

So thank you very much for what you have done, and thank you for your presentations. And we are grateful to everyone who has helped to make this project work out so well.

Thank you very much.

Chairman NEY. Thank you for your time.

[Whereupon, at 7:40 p.m., the subcommittee was adjourned.]

A P P E N D I X

January 13, 2006

Opening Statement of the Honorable Bob Ney
Chairman, Subcommittee on Housing and Community Opportunity

Hearing on

"Housing Options in the Aftermath of Hurricanes Katrina and Rita"
New Orleans, LA

Friday, January 13, 2006

The Housing Subcommittee meets this afternoon to continue its discussion of the Federal government's response to the emergency housing needs of residents affected by Hurricanes Katrina and Rita. This is the first field hearing held in New Orleans since Hurricanes Katrina and Rita struck the Gulf shores late last summer.

I am going to limit my opening statement today so that we can get to our two distinguished panels, and I would encourage all of the members to do the same. I would like to thank Mayor Ray Nagin and Cong. William Jefferson for hosting us in this historic city. Also, I would like to thank Chairman Richard Baker and all the members of the Louisiana and Mississippi delegations who took the time to attend today's hearing. Finally, I would like to thank our Subcommittee Ranking Member Maxine Waters. I realize it's not easy to travel from the West Coast, but she and I have a very good working relationship and I look forward to our continued cooperation in 2006.

The Housing Subcommittee and the Financial Services Committee have been at the forefront of the hurricane relief efforts with three hearings, four briefings, and approximately 80 witnesses participating. In addition, the Committee has shepherded needed relief legislation to the House floor in the recent months following this disaster that will affect not only families in the immediate hurricane ravaged areas, but those families forced to suffer the aftermath due to flooding.

Clearly there are many challenges ahead. There are still many that are without permanent housing, jobs, and infrastructure. How best to go about the reconstruction of the region and the potential affect and problems facing the mortgage and financial services industry are all issues that will need to be addressed in the future.

I look forward to working with my Chairman, Mike Oxley, Cong. Richard Baker, and the members of this committee as we move forward to address those challenges.

It is my hope that today's hearing will give Congress a unique perspective of what is happening on ground in New Orleans, what the current needs are, and what regulatory or legislative solutions may be necessary in the immediate future. Today's hearing is an important step in the recovery process and I look forward to an important debate and discussion.

Testimony
of
U. S. Representative William J. Jefferson
before the
Subcommittee on Housing and Community Opportunity
Committee on Financial Services
U. S. House of Representatives

Field Hearing
New Orleans, Louisiana

January 13, 2006

Chairman Ney, Ranking Member Waters, distinguished members of the Subcommittee on Housing and Community Opportunity, distinguished colleagues and friends, I wish to welcome you to my home district, my home city and to thank you for inviting me to testify today. It is extremely important that you have convened this hearing today at the site of the most devastating natural disaster in perhaps the entire history of the United States. Additionally, your visit is timely as our local and state governments are grappling with the very issues that your committee will have to respond to over the coming months and years. I also appreciate the commitment to rebuilding New Orleans and the Gulf Coast that this committee has consistently shown in the months since the monstrous storms, Hurricane Katrina and Rita, altered the course of the lives of all of us.

The question must not be whether New Orleans will emerge from these disasters but rather how it will return. Absolutely critical to this recovery is the manner in which the housing crisis is addressed and how quickly and easily the displaced can find their way home again. In

this spirit I express my deep gratitude to this committee for having taken the time to tour the devastated areas of our city. Seeing it one must agree is quite different from hearing about it or reading about it. Every home, every neighborhood represents not just a tragic loss of property but a tragic disruption in the lives of a vibrant people and a vibrant city, a people and a city not just important to our region, but to our entire country.

As we think about how to deal with the problem of rebuilding the housing infrastructure and the communities in our city, it is important to note what truly happened here. But for the failure of our levee system, the flooding that has so devastated our housing stock would have been minimal. The losses that your committee bore witness to today in your tour would not have occurred. Because of the failure of our levees, more than 228,000 occupied housing units, representing more than 45% of the total housing stock in the metropolitan New Orleans area sustained floodwaters. This total includes 120,000 owner-occupied units and 108,000 units occupied by renters, representing 39 and 56% of those respective stocks. By some reports, 108,000 of these households had over 4' of floodwater in them for weeks, representing 50% of all New Orleans households.

I have just come back from a trip to the Netherlands with our two U. S. Senators, our governor and a host of city and parish leaders throughout this region. The Netherlands has a thriving economy and important stocks of housing in areas that are more than 20' below sea level, often more than twice as much below sea level as any area of our city and of our region. Of the \$485 billion economy of the Netherlands, more than 70% is derived from areas ranging from 15 to 27' below sea level. Without recovering and utilizing this area after suffering devastating flooding, the Netherlands would not boast the great cultural and economic prowess

that it does today, as the nation of the world's second largest port and one of Europe's most coveted tourist destinations. So, as we contemplate building back communities in New Orleans, the question is not whether we can build sustainable communities in every neighborhood of our city, but whether we will make the choice to do so. It is a matter of the vision we have for the city of New Orleans. Do we envision the City of New Orleans as again one of the major cities of our country, with its distinct, vibrant and historic neighborhoods fully restored and enhanced, as the leading port city of our country in tonnage, as the most interesting and creative cultural Mecca of our nation? If we begin with this vision rather than a short term view of the challenges we face in achieving it, there is little doubt that the technology exists to secure this vision for our people and our nation if we but have the political will to make the right political choice.

As we move forward, we must determine how to rebuild our housing stock and our communities scientifically, systematically and democratically. We have a commitment in hand to build our levee system to standards not existing heretofore and a pledge to build a system of barrier island protection and wetlands protection to secure us against ferocious storms. We are therefore prepared to confront this most extraordinary urban housing crisis that our country has ever witnessed. In doing so, we must move forward aggressively and creatively to resettle those displaced by the deluge in safe, comfortable homes in economically integrated neighborhoods or as a recent Brookings Institution report describes them -- neighborhoods of choice and connection. Such neighborhoods may represent the best home to solve many of the city's urban dilemmas. They reject the concentrated poverty, residential segregation and economic isolation that characterize too much of our city. They also represent a vision of a city rich in economically integrated neighborhoods, attracted to all classes of people, with schools on a path to excellence, traversed by a notably better transportation system and tightly linked to greater economic

opportunities. All of this begins with getting our people a realistic plan to be housed, both temporarily and in the long term. In this, government at every level must take decisive action. The displaced citizens must do their part and exert their best efforts to assist this process, but I do not believe that where government has not answered the question of where schools will start-up and hospitals will be stood up and infrastructure, like streets and lights, put in place, that citizen groups can be expected to make plans to rebuild communities all by themselves. In the real world where people who have been displaced from their homes and who have lost their property live, a world where insurance companies have not paid them for losses, where they have run out of money and where even getting a contractor or an electrical inspector is a daunting, if not impossible task, it does not appear reasonable to expect these citizens to organize themselves and plan for their community's survival and the restoration of their homes in the next four months.

This committee and the Congress have already done a great many things to relieve the housing crisis, but it continues to be a crisis nonetheless. The effects of some of our efforts will be felt immediately – improvements to FEMA's temporary housing program and the one-year deferment provided by HUD for FHA-insured loans, for example; other efforts will yield results in the coming months and years – the extraordinary increase in the Low Income Housing Tax Credit and the enhancements to the mortgage revenue bond as a driver of below-market mortgages for the displaced, for example.

Next, we must continue the work this committee has already begun by ensuring the passage of the Louisiana Recovery Corporation Act in short order. This bill introduced by Congressman Baker and supported by our Louisiana Delegation and improved upon by members of this committee, brings a thoughtful and critical tool for the recovery of our homeowners.

We must also provide immediate and meaningful mortgage relief to those displaced by the hurricanes. The financial services industry has gone to great lengths to accommodate the

victims of these storms but their efforts are not uniform and not always helpful. I recognize, as I believe everyone does, that mortgage lenders are in the business to make money and situations such as we confront today are not entirely helpful to the bottom line. Moreover, mortgages are securitized by entities like Fannie Mae, Freddie Mac, Countrywide and others, and those mortgage-backed securities are sold to bond holders throughout the world. Accordingly, when the lender is confronted with the decision as to how best to handle an individual mortgage he or she cannot do so in a vacuum because there will be significant downstream effects to any decision he or she makes.

For that reason, we should consider following the approach we use in our student loan programs. When students graduate from college or graduate school and take those first few steps toward independence, we have long recognized that burdening those wobbly initial steps with a mountain of education debt is not likely to improve that student's chances for success. Therefore most student loan programs offer borrowers an automatic deferment of one year. That one year gives borrowers the breathing room they need to find a job secure a home, and brighten their path to success.

The same can be said for the thousands who have been uprooted from their homes and now confront the potentially unbearable burden of financing two homes. Without immediate uniform relief that preserves the assets of the victims of the hurricanes and keeps the lenders whole, we will likely see a wave of bankruptcies and foreclosures that will have a lasting and potentially devastating affect on the families of the gulf Coast and its recovering economy.

Mindful of that, I would ask the committee to consider an automatic on-year deferment of their mortgage obligations for homeowners living in the core disaster area with federal financing of the debt service that mortgage lenders would lose during that year. The precise mechanism for the financing I would leave to the wisdom of those of you on this panel and others with greater

expertise in the area. However, I believe that it is absolutely critical that homeowners receive immediate relief, again, to give them the certainty and breathing room they need to recover from the devastating effects of the hurricanes and return to the homes for which they have worked so hard.

In addition, we must finish the work of the GSE reform bill, including the creation of its trust fund to finance affordable housing and other housing initiatives for low-to-moderate families; while that program is designed to be national in scope over the long term, I am grateful that the resources of that trust fund are to be targeted to the housing crisis in the GO Zone during the first one to two years of the program. I am hopeful that the Senate will join in the House's action and move this important trust fund – and its \$700 million for our area – forward.

We must also use our Community Development Block Grant resources much more creatively and much more broadly to support communities in which we rebuild this vital housing. And we must make the greatest use of HUD properties, to rehabilitate them for use to repopulate our city both on a temporary and a long-term basis.

At the end of the day, our objective must be that everyone who has been displaced through this tragic set of events called Hurricanes Katrina and Rita has both the realistic right and the realistic opportunity to return to their homes and pick up their lives. I believe it is the responsibility of our government to ensure this chance for them. The devastation wrought by these storms is at once a terrible challenge out of which we must wring a tremendous opportunity. Our commitment must be that those who have suffered so much have not done so

in vain. Tasked by a great and serious obligation, the nation has the opportunity to help a great but shattered community rebuild, not just to recover, but to become more survivable, more sustainable, more equitable and more prosperous all at once.

I look forward to working hand-in-hand with you and all of our colleagues in Congress to achieve these daunting but fully attainable goals.

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CONGRESSIONAL CHILDREN'S CAUCUS

STATEMENT BY

CONGRESSWOMAN SHEILA JACKSON LEE

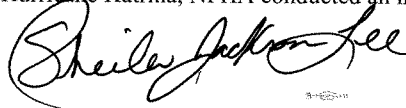
Field Hearing

“Housing Options in the Aftermath of Hurricanes Katrina & Rita”

New Orleans, Louisiana

January 13, 2006

In beginning my statement, I feel it is important to make
mention of the recent investigation conducted by the National Fair
Housing Alliance (NFHA). In response to concerns of housing
discrimination against persons forced to evacuate because of
Hurricane Katrina, NFHA conducted an investigation of rental



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housing practices in five states to determine whether victims of Hurricane Katrina would be treated unfairly based on their race. They conducted tests over the telephone to determine what both African-American and White home seekers were told about unit availability, rent, discounts, and other terms and conditions of apartment leasing. In 66 percent of these tests – 43 of 65 instances – White callers were favored over African-American callers. In addition, NFHA also conducted five matched pair tests in which persons visited apartment complexes. In those five tests, Whites were favored over African-Americans three times.

Several of these tests revealed egregious types of discrimination, and NFHA has filed administrative complaints with the United States Department of Housing and Urban Development (HUD) against five apartment complexes. According to NFHA, their first goal in taking this action is to remind both apartment seekers and housing providers that housing discrimination is illegal. Their second goal is to hold accountable the housing

providers who have discriminated on the basis of race and national origin. The results of this investigation bring me to say one thing, all races have been impacted by Hurricane Katrina and thus all races are in need of assistance. This is not a time for racism, but a time for compassion and understanding. Let me also note that in my Congressional District in Houston tens of thousands of evacuees have been sheltered and fed. In fact, Americans throughout this country have stepped up to help those affected by this disaster. It demonstrates that once again in our darkest hour that we have united as a nation to help our brothers and sisters who now seek to rebuild their lives.

As we sit here today we must find steps to move forward to help those affected by this disaster and to try to prevent such an ineffective response from taking place again. To this end, I completely support the bill introduced by Congressman Melvin Watt and co-sponsored by all CBC members. H.R. 4197, the Hurricane Katrina Recovery, Reclamation. Restoration,

Reconstruction and Reunion Act of 2005. This bill provides for the determination of eligibility for compensation for any individual (or relatives of a deceased individual) who sustained economic or noneconomic losses as a result of Hurricane Katrina so that the individual (or relatives) are restored as nearly as possible to their condition before Hurricane Katrina. In addition, the bill:

- Directs the Administrator of the Environmental Protection Agency to develop a Comprehensive Environmental Sampling and Toxicity Assessment Plan.
- Provides for federal and state government to notify hurricane survivors of health risks they may face upon returning to their domiciles.
- Provides for the offer of alternative land and/or housing as compensation to residents whose homes or businesses have been destroyed or terminally compromised.
- Revises the TANF Emergency Response and Recovery Act of 2005 to provide for reimbursement of states for Temporary Assistance to Needy Families (TANF) benefits provided under part A of title IV of the Social Security Act to families from other states affected by Hurricane Katrina.
- Sets forth requirements relating to emergency extended unemployment compensation.
- Requires the Secretary of Health and Human Services to establish a program of emergency health coverage continuation relief.

- Sets forth housing and education requirements.
- Displaced Citizens Voter Protection Provisions of 2005 - Prescribes requirements for the protection of voting rights of Katrina evacuees.
- Prescribes requirements for: (1) regulatory relief for financial services; and (2) disaster loans and small business relief.
- Amends the Internal Revenue Code to provide for: (1) a tax credit for an eligible homebuyer who purchases a principal residence in the Hurricane Katrina disaster area; (2) an increase in the housing credit dollar amount; and (3) tax-exempt bonds for qualified Gulf Coast recovery projects.
- Hurricane Katrina Bankruptcy Relief and Community Protection Act of 2005 - Amends the federal bankruptcy code to exempt victims of natural disasters, including small businesses, from certain requirements for debtors seeking relief.
- Directs the Director of the Federal Emergency Management Agency (FEMA) to establish a temporary flood insurance buy-in program.
- Expresses the sense of Congress that the President should present, within six months, a plan to eradicate poverty in the United States by 2015.

In addition to my support for H.R. 4197, I plan to introduce legislation that will grant a minimum of 20,000 two-year tenant-based housing assistance vouchers for Katrina's victims, together with transportation and relocation assistance to be used where

necessary. These vouchers should be administered by local housing agencies presently administering HUD-funded Section 8 Housing Choice Voucher assistance, which are located in or near the areas hardest hit by Katrina. These agencies are already in position to provide housing assistance and can play an extremely helpful role meeting the immediate housing needs of Katrina's victims. This legislation would also allow the Secretary of Housing and Urban Development to issue a wide range of statutory and regulatory waivers in order to most effectively and flexibly utilize HUD resources to meet the needs of victims.

Before closing, I would like to make note of a letter I sent to FEMA Acting Director David Paulison on December 20, 2005. The letter sought to have FEMA work with me on various issues impacting the Gulf Coast. These included:

- Extending the opportunity for plane tickets home past December 31, 2005 and providing outreach to displaced Hurricane Katrina survivors so they will be made aware that

FEMA would be providing such tickets, after the December 31st deadline.

- Continuing payments on FEMA approved housing agreements that the city of Houston made with local landlords to house Katrina and Rita survivors. **I understand FEMA intends to renege on these agreements.**
- Using equitable funding and support for Hurricanes Rita and Katrina displaced persons who are in impacted states such as Texas, and for other costs such as educational and health expenses.
- Following my visit to New Orleans with FEMA officials and my participation in the Congressional hearings on the aftermath of Katrina in which Governor Blanco was present, one of the issues that became obvious was that of providing utility service to travel trailers placed throughout the Gulf Coast. I would like to see some federal supervision and assistance to the public utilities so that power can be turned on in the regions of the Gulf Coast so that travel trailers can be placed on the property of individual homeowners and so that electricity, water and sewage can be speedily connected. **I understand this is not occurring now.**
- I would also like to be advised of the status of work preformed by the Army Corps of Engineers that would move the reconstruction of levees along as soon as possible. In that same hearing, I requested full funding of the levee repair as the state of Louisiana has requested.
- During the Congressional Katrina aftermath hearing, I asked, “that the administration restore the levees quickly and

efficiently.” I do not think it would be a good idea to do a quick fix when the residents of the city clearly want the job done right. **I respectfully ask that the job be done right.**

In closing, as a Member of House Homeland Security Committee, I am calling for the establishment of a Commission to study the genesis of the devastation caused by the hurricane. We need a 9/11 style commission to know everything that took place. In addition, I am calling for the establishment of a position of an ombudsman for FEMA in order to provide proper oversight. Without a proper investigation we can not get all the answers and without the answers we can not provide the necessary legislation and oversight needed to try to prevent this kind of human suffering from happening again in the future.

**Written Testimony of National Baptist Convention, USA, Inc., Housing Commission
(NBCHC) and the American Association of Homes and Services for the Aging
(AAHSA)**

**House Financial Services Committee,
Subcommittee on Housing and Community Opportunity
"Housing Options in the Aftermath of Hurricane Katrina and Rita"
January 13, 2005**

**Willie Gable, D. Min., Executive Vice Chairman National Baptist Convention USA,
Inc. Housing Commission and Board Member of the American Association of
Homes and Services for the Aging**

Introduction

Good Afternoon. I am Dr. Willie Gable, Jr., Executive Vice Chairman of National Baptist Convention, USA, Inc, Housing Commission and a member of the Board of Directors of the American Association of Homes and Services for the Aging, an association whose members serve two million people each day through mission-driven, not-for-profit organizations. Each day, not-for-profit affordable housing sponsors in over 6,000 senior housing facilities strive to provide the services older adults need to preserve dignity, independence and self-respect. As a sponsor who works for 40,000 of these individuals and local pastor, I know personally the impact Katrina and Rita imposed on the lives of hundreds of the individuals.

Now more than ever, America's seniors and other low income residents need the housing and services that not-for-profit organizations provide to help them feel safe. In the aftermath of Hurricanes Katrina and Rita, hundreds of those 40,000 individuals I

work for were discouraged and displaced. Some suffered from sickness and starvation. Others could not be found for days. May I now speak to the two areas on the agenda.

Local, State, and Federal Response to Emergency Housing Needs

It is clear is that there must be better coordination among providers, FEMA, HUD and state and local agencies after a disaster such Katrina and Rita.

The record is clear that emergency shelter provisions were at best chaotic in the immediate aftermath of the hurricanes. The haunting memories of the Superdome and Convention Center still linger in the minds of most Americans. However, the disjointed disbursement of families across American without regard to their personal needs was insensitive.

In my opinion the local government provided shelter that what was available, limited and inadequate at best and like the state depended on the federal government to offer emergency shelter as per their mandate by law.

It is my observation that the response to the emergency housing needs of residents was another disaster after the first disaster.

Currently the region remains in a state of dismay regarding housing for residents trying return to the area and those who have returned and cannot find adequate housing as promised.

Thought the local, state, and federal government I believe is disparately trying to work through the maze of regulations and rules, there comes a time in the life humankind that we must suspend some of the rules to provide immediate relief.

Short-term Needs

There are several immediate short-term, housing related needs that seniors and low income families have including the following:

1. Better Federal Coordination of Housing Relief

NBCHC and AAHSA recommends that a point person with staff be assigned the task of coordinating the federal relief efforts related to housing. As NBCHC and AAHSA members watch the post-hurricane efforts unfold, several providers sent staff to the disaster areas and evacuation sites, in an attempt to locate residents and relocate to our other sites, or those of other NBCHC and AAHSA member facilities. The scale of the disaster, confusion and lack of coordinated efforts left providers trying to get the staff from federal agencies to assist them in finding residents. With lists of missing residents, providers were left to wander evacuation sites without help from FEMA, HUD or the Red Cross. A federal coordinator would be able to facilitate a procedure between FEMA and HUD or RHS, by which evacuees and providers could work to identify residents and re-house seniors from damaged facilities to other sites. Perhaps the Joint Center in Baton Rouge will do that, but there is scarce evidence that is working yet.

However, let me also take the opportunity to thank HUD for the guidance they have provided thus far. Their clarification of Notice 04-22 is critical to permitting Section 202 providers to accept evacuees. We also appreciate the waiver of the public services cap of 15% in the CDBG program. It will make providing services too Katrina victims much easier.

2. Fund and Release Emergency Repair Grants

Congress has authorized HUD to use a portion of its funds under the Section 202 Supportive Housing for the Elderly Assisted Living Conversion Program for Emergency Repair Grants. A special allocation of emergency capital repair funds should be made available for the properties in disaster regions on an expedited time table. They must be made available to housing providers as soon as possible. There are properties that could be restored and made available for residents to return to home in a shorter time frame. Furthermore, Emergency Repair Grants must be made available to reimburse providers for deductibles, regardless of when the deductibles were paid. Last year when HUD released the grants for providers in Florida after the hurricanes struck, the grants were not available to reimburse the property for deductibles paid. This left properties with limited reserves and hampered ongoing capital work needed and programming for residents. There is a chance to provide funds quickly without providers tapping reserves and making repairs for which they will not be reimbursed. The 11 billion dollars of Community Blocks grants going the should include a specific amount additional senior housing. Many resident lost their homes who not in senior housing. NBCHC and AAHSA stands ready with members to assist in getting this much need housing stock on line.

3. Additional Guidance for Relocating Project Based Section 8 Contracts

Under HUD Notice 04-22, "Disaster Recovery Guidance by Multifamily Housing After a Presidentially-Declared Disaster", owners with Project Based Section 8 contracts whose properties are rendered uninhabitable are permitted to lease units elsewhere on behalf of displaced residents and receive payment under the Section 8 contract. This is an important provision for those seniors traumatized by relocation. The ability to place them

in stable housing until they can return to their homes will limit the psychological effects of being evacuated and give them a location at which to receive the supportive services they need. HUD has released no further guidance on how providers should go about exercising this option. For example, it is not clear how owners should go about vouchering for multiple units which are likely to be spread among various buildings and leases. It is unlikely that whole contracts will be transferred. Rather, providers will be able to lease five units here, 10 units there, and so on. HUD must provide guidance in short order to get residents placed as soon as possible.

4. Hold Project Based Section 8 Contracts in Abeyance

As I mentioned in the previous recommendation, damaged properties are, in theory, permitted to transfer Project Based Section 8 contracts in whole, or in part, to other units. HUD must also hold those contracts that are not being fully utilized for displaced persons in abeyance until the properties are repaired, residents return and the full contract is needed to operate the facility. We are concerned that in the too frequent trend to rescind HUD funds, funds that are needed and/or obligated to a particular contract will be “swept” because the balance suggests that the money is “unused” and “unneeded”. This internal communication glitch already results in countless hours of work with providers and HUD staff to identify the missing funds and the get money returned to the contract to maintain operation of the facility. Often this takes months and many providers are unable to meet their operations costs until the problem is resolved. We urge HUD to identify the affected properties with Project Based Section 8 contracts, hold them in abeyance and protect funds until the properties are restored and operational needs are met. Where

properties cannot be rebuilt, HUD should allow these contracts to be reassigned to other buildings.

5. Emergency Housing Vouchers Need to be Issued

Approximately 50,000 emergency vouchers are needed to provide temporary housing for evacuees or \$3.5 billion in emergency vouchers. The Housing Authority of New Orleans (HANO) alone has 8,700 of Section 8 vouchers in use. They are easily transferred to other locations. Families and seniors in owner occupied housing and other locations, like tax credit multifamily properties, will now need housing vouchers until they can return home. Emergency vouchers should be in the locations where they have moved. A portion of these vouchers should be allocated as project based vouchers to unsubsidized sites or REO or HUD held properties that are accepting or have accepted evacuees. In addition, we recommend that these vouchers be distributed by a mobile unit to reach special needs populations, including the elderly and disabled.

For the new vouchers we recommend that the following requirements of the voucher program be suspended:

- Income/employment verification. HUD and PHAs can easily verify the status of current subsidy recipients through their PIC or TRACs system.
- Tenant rent contributions (including the minimum rent contribution). Many families will not be receiving any income for some time. Congress should waive the tenant rent contribution for three months or until the families or elderly receive their social security, welfare payments, or employment checks.
- Waiting list rules: Obviously any federally declared disaster victims should be placed at the head of any waiting lists without violating any rules.

- Voucher payment standard ceiling. PHAs should have the ability to raise their payment standards to up to 140 percent of FMR for victims of Hurricane Katrina without HUD permission.
- Initial inspection criteria. PHAs or HUD can inspect the units after move-in.
- Section 8 model lease requirements for project-based Section 8. The need to waive the income, employment, etc. will necessitate a special lease addendum to protect owners and HUD from fraudulent or ineligible applicants discovered subsequent to lease-up.
- One year lease requirements. Owners should be able to lease units on a month by month basis to enable residents to return to their original homes when applicable or move to other permanent housing.
- Translation (Limited English Proficiency-LEP requirements). Suspend any requirements to translate leases and other documents to avoid delays. Providers can work with volunteers to ensure that verbal translation occurs where necessary.

6. Waiver Requirements for Transfer of REO Property

At this time HUD owns multi-family properties or holds the mortgages of properties of every stripe throughout the country – their REO and HUD held properties. The process for buying or transferring these properties is complicated and time consuming. And often the properties or the mortgages are sold in bulk to large investors rather than to individual providers. These properties could and should be a resource for housing for families and seniors displaced by Hurricane Katrina. HUD should immediately take steps to get these properties into the hands of new owners, preferably non-profits including faith based, who will provide housing to displaced residents. If provisions of the Multifamily

Housing Property Disposition Act of 1994 legislation which establishes policies and procedures for REO and foreclosed properties have to be suspended in order to quickly place properties in the hands of those willing and able to provide housing for evacuees, then Congress should suspend the Act. As well, a portion of the new voucher assistance should be available as project based assistance in order to preserve affordable housing if the evacuees return home. If nothing else this crisis has dramatically demonstrated the shortage of affordable housing. Transferring REO or HUD held properties through streamlined and expedited transfers can be both a short-term and long term solution to the natural disaster victims and to the Nation's affordable housing crisis. The Louisiana State Baptist Convention with NBCHC is ready to immediately participate in this effort.

Long Term Needs

1. HOME and CDBG

As you know, HOME and CDBG funds have long been a source of funding for home repairs, especially for seniors with little disposable income, and modernization of multifamily housing. NBCHC and AAHSA members have often secured funding from HOME and CDBG grantees for accessibility improvements, for upgrading bathrooms and kitchens, and for improving walkways and sidewalks in older Section 202 communities. And HOME and CDBG funds have frequently been used for gap financing for new Section 202 developments. However, both HOME and CDBG require that funds be spent only after public hearings and submissions of action plans specifying the projects that will be undertaken with a specific year's funding. We would recommend that the requirement for public hearings and action plans be suspended in communities impacted

by the disaster. We also would recommend that, in the short term, income limits be lifted, although priority should be given to those families and seniors who are very low and low income. HOME and CDBG funds will be invaluable to those communities that were not as severely impacted as New Orleans, Gulfport, and Biloxi.

In the longer term, we recommend that new HOME and CDBG funds be appropriated to the communities and the states that are directly impacted by the Hurricane and to those communities and states impacted by evacuees whether or not they have been declared as emergency disaster areas. The communities that have been so generous in their assistance to those displaced should not be penalized by their decisions to accept the victims of Hurricane Katrina.

In general, Congress should grant HUD and RHS the authority to waive any statutory requirements that may impede providing assistance to Katrina victims, assuming such waivers do not violate fair housing laws.

2. Fund Additional Affordable Housing

The nation's ongoing affordable housing crisis will be exacerbated as a result of the disaster. Seniors and others on fixed incomes, low-income workers, underinsured and uninsured homeowners and the newly unemployed will continue to flow into communities throughout the country. Most of these communities are already struggling to meet the affordable housing needs of existing populations. From teachers to nursing assistants the housing "boom" has led to an escalation of housing costs that has left many behind. We must address the national affordable housing crisis now with a comprehensive national plan. Integral in any attempt to assure people are living in safe, decent housing is the development of additional affordable housing units. Congress has

an opportunity to create a new affordable housing program. This Affordable Housing Fund could be instrumental in building new housing for home ownership, multifamily rental and home modification for low to moderate income households.

3. Plan for Increased Subsidy Due to Increased Energy Costs

I can tell you that rising energy costs are a constant concern in affordable housing. We all experienced the short term effects of increased energy costs following the disaster and are already getting warning that winter utility costs will be significantly higher. The effects of hurricane Katrina will extend to providers, not only in the disaster areas, but throughout the country. This will require providers to request higher rent subsidy increases through HUD, and for those residents that pay their own utilities, state and local energy assistance programs will have to pay a higher assistance amount. Congress and HUD must prepare for this increase to affect the provider operation costs throughout the U.S. Everything from resident transportation vehicles to increased costs for master metered facilities and utility allowances will require budget increases to operate and maintain facilities and equipment across the country.

Conclusion

Thank you for holding this hearing. It demonstrates your commitment to serving those victims devastated by the hurricane and those of us in the non-profit and faith-based community that have built our mission around serving them. Please remember that the challenges faced by NBCHC and other AAHSA members are being felt by so many other owners and residents. Providers with facilities funded under other HUD programs and Low-Income Housing Tax Credit program are also struggling with the concerns and problems that we have outlined here. Among hurricane Katrina's victims are tens of

thousands of low and moderate income families, including the working poor, who may not have benefited from federal housing programs before but will now need assistance to find safe, decent, stable housing for both the short and long term.

In conclusion, as we draw near the celebration of the life of Dr. Martin L. King, I am reminded of something he once said: “Our lives begin to end the day we become silent about things that matter.” I know you will not be silent.

Thank you and may God bless you.



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Comments of
Darius Gray
General Manager, Holiday Inn, New Orleans and
President, Greater New Orleans Hotel & Lodging Association
on behalf of
The American Hotel & Lodging Association
Before the
Committee on House Financial Services –
Subcommittee on Housing and Community Opportunity
Hearing on Housing Options in the Aftermath of Hurricanes Katrina and Rita
January 13, 2006

On behalf of the American Hotel & Lodging Association (AH&LA), I appreciate the opportunity to testify before the Subcommittee on Housing and Community Opportunity of the Committee on House Financial Services. AH&LA is a 96-year-old dual membership association of state and city partner lodging associations throughout the United States with some 10,000 members nationwide, representing more than 1.3 million guest rooms. Headquartered in Washington, D.C., it provides members with advocacy on Capitol Hill, public relations and image management, education, research and information, and other services to ensure a positive business climate for the U.S. lodging industry. Individual state associations provide representation at the state level and offer many additional cost-saving benefits.

AH&LA and the lodging industry understands the enormity of the unprecedented devastation caused by Hurricanes Katrina and Rita. Many of our own employees were displaced, many of our businesses were partially or completely destroyed, and our industry faces a long road back to normalcy in the region which will take years. AH&LA well understands the extraordinary demands placed on FEMA due to these hurricanes and applauds its many successes. However, improvements must be implemented if our nation is to better respond to future events.

Having said that, I am want to bring to your attention the involvement of the lodging industry in the months after the tragedy of Hurricane Katrina and the past and present concerns we have compiled on behalf of the industry. In the chaotic week following the hurricane, AH&LA was tasked by the Department of Homeland Security to secure 250,000 guest rooms in case they were needed for a proposed housing plan in which the room blocks would be leased by the Federal Emergency Management Agency (FEMA) for a period of no less than six months with the possibility of extension up to 18 months.

AH&LA disseminated the message to our members immediately and within the period of six weeks had collected approximately 190,000 guest rooms. The tremendous response from hoteliers across the country is a testament to the generosity of our industry. Over forty-five hundred properties had applied to participate – willing to lease large blocks of rooms, and in some cases, entire hotels, to FEMA for the housing of hurricane evacuees.

AH&LA IS KEEPING
AMERICA'S PROMISE
"To Rebuild the Future"

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Available rooms were forwarded via email in spreadsheets by AH&LA to FEMA on a daily basis beginning September 7, 2005 until the process was finally discontinued on October 17, 2005 at the request of FEMA, who informed AH&LA that they were no longer in need of the information.

While FEMA made clear that their policy was “fluid” and could not guarantee that any of the rooms we had collected would be used for the housing program, very little other information was provided to us. The Department of Homeland Security confirmed each day that they had received our list of available rooms, but could not confirm what was happening to the lists each day and whether or not they were being reviewed by the staff at FEMA.

As time went by and evacuees were placed into hotels from shelters and other forms of temporary housing, no word came from FEMA regarding when the housing program would end, who would be dispatched to support the hotel properties, or what would happen if evacuees had nowhere else to go when the program terminated. FEMA was unable to provide a comprehensive list of all hotels participating in the program and as a result, AH&LA was unable to effectively communicate to the participating properties.

Having submitted a list of concerns on behalf of the lodging industry (included for your reference) on December 1, 2005 to FEMA, we still await a response. To date, many evacuees remain in hotels with little incentive to leave and nowhere to go, placing our members in extremely precarious public relations positions. It is disconcerting that most of the information we have passed on to our members throughout the course of the housing program is taken from the newspaper and not received from FEMA itself.

Given that the industry has been so eager to help in this tragic situation, we feel that more should have been done by FEMA to foster communication, alleviate fears and facilitate the housing program that has provided shelter and meals for so many people during this difficult time. Although the scale of this natural disaster in the Gulf was unprecedented, better preparation and communication could have greatly facilitated the process of finding housing for displaced residents.

The American Hotel & Lodging Association and its members remain ready and willing to aid in this effort. We have willingly responded to this tragedy and stand ready to help prepare for future response. It is our hope that through this process of discussion, logistical mistakes can be avoided in the future and we will be better able to work with government agencies for the common good of people affected by disasters such as this.

Hotel Industry Concerns (submitted to FEMA on Dec. 1, 2005)

- If, on December 16, 2005, evacuees remain in hotel rooms with no other conceivable housing options, what support will be provided by FEMA to the hotels?
- The deadline of January 7, 2006 set for the 10 states housing the most evacuees has to be requested by the Governor of each of the 10 states – how will the hotels be notified that each respective state has been approved for the extension?
- Does FEMA retain primary control over this program, or is it now being handled primarily on a state level?
- Who is the point person at FEMA for hotels to contact with concerns?
- Who are the FEMA contacts in the field – regional points of contact for hotels to contact with concerns?
- Prior to the deadline extension on November 22, 2005, lodging personnel were allegedly told by FEMA in New Orleans that lodging is not deemed a “critical industry” and thus have had difficulty securing temporary housing trailers to rebuild the industry. Has this classification of lodging changed since then?
- It has been widely reported that FEMA has been sending literature and manpower out to hotels to assist in this transition. Some properties have said they have not seen this response. Please explain.

**James R. Kelly
Chief Executive Officer
Catholic Charities Archdiocese of New Orleans
Oral Testimony
U. S. House of Representatives
Committee on Financial Services
Subcommittee on Housing and Community Opportunity
January 13, 2005**

I would like to thank the committee for allowing me to address you today. I am humbled.

We are most grateful for all you are doing to assist the victims of Katrina and Rita.

Since 1727, the Catholic Church has been providing care to the poor and vulnerable of our nation. In fact, Catholic health, education and charities all trace their roots back to the 9th ward of New Orleans, and the Ursuline nuns.

This past year, Catholic Charities provided services and care to over 125,000 people in the Archdiocese of New Orleans – the Greater New Orleans Area. Our dedicated staff and volunteers operate more than 30 programs and services addressing needs such as hunger, poverty, unemployment, abuse, violence, mental illness, homelessness and affordable housing.

All these issues and problems are affecting the hundreds of thousands of victims of Katrina – the poor of the past together with the vulnerable of the present.

Prior to Katrina, we, along with church and city officials, urged folks to evacuate. Gordon Wadge, my partner in leadership, and I spent Saturday and Sunday helping our residential programs for the abused, the homeless, mentally ill and retarded to load up and leave town. We then headed to the Dome to be with the poor.

The first 24 hours, we helped transport and minister to the medically fragile. The second 24 hours, we took care of missing and lost children. We waded out of the Dome late on Tuesday, realizing that we needed to change roles – and begin organizing a massive response and relief effort.

We first sent staff and volunteers to minister to the frail and sick at the airport. We re-organized our Second Harvest Food Bank, and soon were shipping 400,000 pounds of food a day. We subsequently mobilized teams of doctors, nurses, and professionals to care for first responders, police and firemen, and then to other special- needs populations. We have since provided emergency services, case management and mental health counseling in addition to a host of other services.

Today, thousands of people are living in hotels and motels. Thousands have moved in with family and friends – often more than two or three families per apartment.

How can we begin to help people put their lives back together – get a job, child care or school for their kids, medical assistance, and the critical mental health that is so desperately needed – if they don't have a place to call their own and a place to begin healing? They are in dire need of temporary trailers, of housing waivers, of more options. Their brave spirits are in need of hope – of a plan for tomorrow, next week, next month and next year.

Prior to Katrina, 20% of our citizens lived below the poverty line – 30% of our children, and 47% of African Americans. Sixty percent of the residents of New Orleans were renters and only 40% were homeowners – the opposite of the national average.

The week before Christmas, a number of significant pieces of legislation were finally passed by Congress that would help us to begin addressing our levees and flood protection, and the critical needs of our citizenry to have a place to live and to call home.

We appreciate the major part your committee played. We also appreciate your support of the Baker bill and are hopeful of its passage within the next 90 days.

Where and how to rebuild continues to be debated. Many outsiders do not fully understand a problem where the solution seems so logical. Build on the highest ground first!

Can you imagine if the northwest and southeast quadrants of Washington, D.C. flooded – and you had to decide – in priority order – which neighborhoods would be rebuilt first – and which would be abandoned?

In New Orleans, two-thirds of the housing units flooded, approximately 120,000 out of 180,000. There were an estimated 327,000 flood victims, 77% of whom were African American.

Rebuilding should be carried out in a manner that treats the area's poorest citizens with the same respect and dignity as the more affluent. High ground should be set aside for the poor and the rich – both black and white. Mixed-income neighborhoods are critical to a successful future. Without government intervention and assistance, the market will not be kind to the less fortunate.

In recently passed legislation, Congress directed the Secretary of HUD to preserve section 8, 202, 811 and HOPWA housing. Yet as of November 1st, HUD cut off rental payments to non-profit 202 landlords. Many of these damaged and vacant apartments – for our low income seniors – are nearing default. HUD's most successful housing program will no longer be available to our seniors – our parents, our aunts and uncles. Even if the apartment buildings were repaired, it would not be time for them to return. They must wait on their doctors, their pharmacies, their children – their critical support networks.

Each issue, each problem is much more complex – once fully explored.

The recent increase in low-income working tax credits is most welcome. Sadly, however, it will only allow the building of approximately 20,000 units of affordable housing. The new guidelines allow potential renters to earn 60% of the median income rather than the original

50%. Although opening the housing to more families, it does not encourage or require a certain percentage of apartments – might we suggest 20% - be built for the poorest and most vulnerable.

The new regulation also requires that the State's low-income housing tax credits be spent in the year allocated. We are fearful that New Orleans, whose land problems are so complex, will not receive its fair share of credits. Development in parishes (counties) with less damage, and on higher ground, could receive a disproportionate share of credits due to immediate availability.

The construction of new affordable housing units will take time. What can be done today to address the critical need for affordable housing for our police and firefighters, for our medical and childcare workers, for our city and state employees:

- (1) Fast-track the rehabilitation of offline public housing units.
- (2) Increase the number of HUD housing vouchers.
- (3) And increase the value of these vouchers including KDHAP to 130% of fair market rates.
- (4) Transfer all housing responsibility from FEMA to HUD.
- (5) Strongly encourage HUD to work with state and local municipalities in the development of comprehensive long-term plans – that ultimately will call for more low-income housing tax credits, more HOME funds, and more vouchers for our impoverished and vulnerable neighbors.

Experts predict that only 275,000 out of 475,000 people will return to New Orleans. Are you aware the 79% of Louisiana residents were born here in Louisiana, the highest percentage of any state? The most typical local greeting is "*How's your mom an' 'em?*" and close-knit families and extended families are the true fabric of our city and state.

I believe that the experts will be surprised, and that over the next seven years, 75% of the citizens will wish to return. That is, if we have a place for them to come home to.

In scriptures, in Ephesians, we are all called to be one body, one spirit, one hope! To be successful, we will need a spirit of humility and collaboration. Most importantly, we will need God's Grace and God's Speed.

I pray for you and your Committee's success. I am certain that God will bless you and your efforts – and through you – the good and brave people of the Gulf Coast.

Thank you.

UNITY

A Collaborative of 60 Agencies Working to End Homelessness

Bringing New Orleans Home

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Testimony of
MARTHA J. KEGEL
Executive Director
UNITY

Before the Subcommittee on Housing and Community Opportunity
U.S. House of Representatives

Field Hearing in New Orleans
January 13, 2005

TESTIMONY

Thank you for inviting me to testify today on behalf of UNITY, an award-winning collaborative of 60 non-profit and governmental agencies providing housing and services to people experiencing homelessness in greater New Orleans.

We can and we will rebuild New Orleans.

While the effects of Hurricane Katrina and its aftermath will be felt by all residents of the Gulf Coast for years to come, the people most adversely affected and at risk of permanent displacement from their home communities are the Gulf Coast's poorest and most vulnerable citizens. Before the storm, the Gulf Coast Region, including the City of New Orleans, had disproportionately high rates of poverty and severe disability. Before Katrina, New Orleans counted more than 6,300 people who were homeless, many of whom have serious and long-term disabilities. Thousands of Gulf Coast residents were constantly at risk of homelessness and were living on incomes as low as \$579 per month.

Not surprisingly, these individuals and families had little capacity and limited resources to cope with disaster. Their struggle for survival was witnessed by a horrified nation and followed by a massive and uncoordinated evacuation that scattered vulnerable individuals and families across the nation. Many evacuees from the Superdome and the Convention Center, including many who were homeless before Katrina, did not even know their destination point until after they had actually arrived.

Gulf Coast state and local officials have made public commitments to facilitate the return of their citizens to their home communities. To have any true meaning or validity, however, the process should apply equally to all citizens of the area regardless of income and disability, and specifically be extended to those who suffered the most from the storm's effects. To do otherwise would shame the nation, the Gulf Coast region and its community institutions. As President Bush said in his speech in Jackson Square on September 15, 2005, "We want evacuees to come home for the best of reasons – because they have a real chance at a better life in a place they love."

It is now up to all of us to ensure that the most vulnerable people affected by the hurricanes can come home – and this means creating new high quality affordable rental housing that meets their needs. New Orleans's rental housing supply was disproportionately affected by the storms. For example, according to a recent Brookings Institute report, 56 percent of metropolitan New Orleans' rental stock – a total of 108,000 units – were in the flooded areas as compared to 39 percent of the area's owner-occupied homes. It is clear that new rental housing must be an integral part of rebuilding strategies.

With help from this committee and the Congress, New Orleans can create a national model that ensures that people who were the most adversely affected by these devastating storms – specifically people with disabilities, elders, and others with special needs – will have a place to call home in their beloved city. This model will also include housing for artists, musicians, hotel and restaurant workers, and others who contribute to the city's economy and who need affordable rental housing.

Working in partnership with the city, the state, the National Alliance to End Homelessness, other local and national non-profits and foundations, and Fannie Mae, we have developed a plan to create 10,000 units of affordable rental housing – 5,000 units of Permanent Supportive Housing for people with special needs and 5,000 units of affordable housing for low-income workers. This plan already has the support of members of the Bring New Orleans Home Commission and has been endorsed by the Housing Committee of the Louisiana Recovery Authority. These units would be scattered throughout the City of New Orleans and Jefferson Parish in buildings of various sizes.

I understand that members of this Committee already strongly support the creation of Permanent Supportive Housing as a proven strategy to prevent and end homelessness among people with disabilities and others with special needs. As you know, Supportive Housing is permanent affordable rental housing linked to community based services such as health, mental health, and employment services -- services that are essential to assisting people with disabilities to maintain their housing.

In city after city, Supportive Housing has proven itself to be overwhelmingly successful: a cost effective, community-friendly alternative to emergency shelter that enables individuals to remain stably housed and achieve increasingly greater levels of self sufficiency. Supportive Housing has been successfully combined within mixed-income, mixed-use developments, with the Supportive Housing residents making up as much as 50 percent of a building's tenancy, and the remaining apartments set aside for low wage workers. In larger properties, on-site services coordinators help Supportive Housing

tenants obtain the assistance and support needed to address health and/or employment issues and navigate the process of securing disability benefits and finding employment. Other models, ranging from shared homes to scattered site apartments, also have been successfully employed, utilizing a variety of mobile service models.

In national studies, Supportive Housing has proven to be far less costly than shelters, hospital stays and other emergency responses to homelessness. In one New York City study, placement in Supportive Housing for formerly homeless mentally ill tenants was associated with a reduction of \$16,282 in services expenditures per housing unit. Especially when targeted to very frail individuals who are frequent users of hospital and mental health services, Supportive Housing produces substantial reductions in public expenditures on emergency and institutional care.

To make our Supportive Housing plan a reality, we will need help from Congress. Because disabled people who need Supportive Housing have extremely low incomes, often nothing more than Supplemental Security Income, we will need access to on-going rental subsidies to ensure that the housing is affordable. During the coming months, we hope to work with you and other Members of Congress so that we can obtain the rent subsidies that are essential for our Supportive Housing plan to become a reality.

Second, and equally important, while the planning process for supportive housing moves forward, we need your help to ensure that our capacity to provide housing and services to the most vulnerable populations of greater New Orleans is sustained over the short term, and expanded over the long-term, so that our plan can be implemented successfully. However, we are concerned that as we work toward recovery, our HUD Continuum of Care funding – which is essential to continue to assist homeless people in New Orleans today and is also essential to our Supportive Housing strategy – may be at risk. We need HUD to be a faithful partner to us as we struggle to overcome this unprecedented devastation and its concomitant effects on our agencies and on the most vulnerable populations. Specifically, the criteria in this year's Continuum of Care funding competition must take into account the extraordinary challenges we face so that New Orleans does not lose any funding at a critical time. We also need HUD to exhibit flexibility in allowing us to re-program some of our funding to meet current needs, consistent with the McKinney-Vento Act and regulations.

Our concerns are based on discussions with HUD that began two weeks after Katrina, when HUD headquarters informed me that it was considering taking funds already awarded to the New Orleans Continuum of Care, presumably out of the mistaken belief that the funds are no longer needed. We have explained that in order for New Orleans to recover from this disaster, local nonprofit organizations with the capacity to provide housing and services to our most vulnerable populations must be allowed to continue their work. We are very hopeful that HUD will work in partnership with us in the future, but we request that your committee exercise oversight to ensure that the capacity of New Orleans non-profit and governmental agencies to house and serve the poor and disabled will be protected and indeed strengthened.

During this time of turmoil and uncertainty, the staff members of our agencies have performed heroically while also suffering our own losses. I would like to single out a few of them. One colleague, Charles Johnson, a street outreach worker for the

Volunteers of America who had inspired others with his own struggle over mental illness and homelessness, died during the storm's aftermath. Another staff person, Angela Patterson of the Louisiana Public Health Institute, spent five days in the Superdome with her disabled clients as her own home in Gentilly was being destroyed, and has continued serving clients ever since from a Health Care for the Homeless clinic operating out of a cruise ship in New Orleans. B.B. St. Roman, director of the Homeless Assistance Collaborative, a partnership between the New Orleans Police Department and UNITY, worked around the clock to head up the successful effort to find and bring homeless persons to the Superdome before the storm. Calvin Burns and Wyatt Hines of Covenant House rescued many people from floodwaters in the aftermath of Katrina. Countless staff members in the UNITY network evacuated before their storm with their disabled clients, then spent 24 hours a day with them for many exhausting weeks in out-of-state accommodations far from home. And now, day in and day out, my colleagues in UNITY's 60 agencies are successfully overcoming unimaginable challenges as they house and provide services to the neediest people in post-Katrina New Orleans.

Finally, we ask that you ensure the elimination of all unnecessary deadlines imposed on Katrina victims by the programs that are designed specifically to house them – both FEMA assistance as well as the Katrina Disaster Housing Assistance Program administered by HUD. As a starting proposition, New Orleanians should not be tossed out of hotels until and unless they have been able to find a decent place to live within a reasonable commuting distance of their jobs and damaged homes. Moreover, the special needs portion of the Katrina Disaster Housing Assistance Program is still not up and running four and a half months after the hurricane, yet the persons who are eligible for this program – those who were homeless prior to Katrina and therefore are likely to be especially vulnerable – are being required to sign up for the program by March 11. In light of the fact that there is no plan in place and there are no funds available to conduct outreach or publicity to inform special needs populations of the existence of this program, this is not a reasonable deadline. We believe that people should be granted at least until December 31 of this year to sign up for the Katrina Disaster Housing Assistance Program and that HUD and/or FEMA should engage in a national publicity campaign to help ensure that eligible persons become aware of the existence of this program and how to access it.

I thank you for inviting me to testify, and I thank you for taking steps to ensure that the needs of the most vulnerable persons are addressed as we all work together to rebuild greater New Orleans.

The Right to Return

Muriel Lewis

On August 29, 2005, Hurricane Katrina hit the city of New Orleans leaving the nation shocked at the destruction it caused. From this day forward, New Orleans natives knew that life as knew it would never be the same. People of all ages, races, religions, and social classes were affected. Mother Nature had taken her toll on a great city leaving its citizens to start all over from scratch.

The people of New Orleans have been dispersed across the U.S. hoping to one day to come back to a place that they once called home. Most victims of Hurricane Katrina from the city of New Orleans were born and raised here, now they are probably in place they never have visited. Whenever you travel to another city and come in contact with a New Orleans Hurricane Katrina victim, somewhere in their conversation might be “ There’s no place like New Orleans, I wish I could go back.” What do politicians say to this besides *Call FEMA* or *You have to fix your home in four months or you will be forced to sell*? They say nothing! The majority of the New Orleans citizens have either already paid for their homes or are still paying their mortgages. Due to the hurricane, they have lost jobs, and they barely make enough money now to pay a light bill. How do you expect these people to have their homes repaired, or travel from where they have been displaced to check on their homes? So many New Orleans citizens were poor African Americans, living from paycheck to paycheck. How do you expect these people to come up with money to pay for their homes?

The Mayor of New Orleans says, “Let us give our citizens four months to prove they can bring their neighborhoods back to life or face the prospect of having to sell out to a new and powerful redevelopment authority.” To that, I say, that would be a great idea *IF* he could provide transportation, food, and temporary housing in the city until this task is completed. There is a problem with that scenario. There are a few million people who have been displaced, this would really make the task very difficult. Also, there are not enough funds to transport, feed, and house all of the victims. So actually, what these people are being given is a NO HOPE deal from this four month policy. What should be said is the truth, “You are going to sell your home because you are too poor to rebuild it, we are going to have the Crescent City Redevelopment Corp buy your homes, and then after a period of time, we will give you the option of buying back your home, which you still will not be able to afford.” What the Mayor does not understand is without citizens you have no city. Put the citizens back into the city and you will begin to

The Right to Return

Muriel Lewis

reestablish a great city. How do expect people who have never lived in New Orleans to understand a culture that has been around for centuries passed from one New Orleans family to another? The answer is *YOU CAN'T!* That is like a penguin flying and an eagle belly flopping; it just is not in their nature. It is easier for one to say "Knock down these homes." than to say "Let's bring these people home to rebuild."

Representative Baker asked an interesting question, "If not this, what?" He was referring to his Bill as a course of action. We have understood your plan, but we do not agree with it. Baker has been so concerned with the flood insurance that he passed a bill that tells home owners that only 60% of their homes will be accounted for and they would have to sell their homes also. Why don't you take a look at the Bill that you voted against? The Bill introduced by the Congressional Black Caucus called the Hurricane Katrina Recovery, Reclamation, Restoration, Reconstruction and Reunion Act of 2005 Title XI:

Requires FEMA to reimburse entities that performed services that should have been performed by FEMA following Hurricane Katrina if the entity requests reimbursement and allows retroactive purchase of flood insurance by Hurricane Katrina victims who did not live in a designated flood plain.

Also, Congress passed a \$29 billion aid package for the Gulf State region. The package gave Mississippi about five times as much per household aid as Louisiana received. This was the testimony to the clout of Governor Haley Barbour of Mississippi.

These are our answers to Representative Baker's question "If not this, what?" What will you do about it?

131

TESTIMONY OF KEVIN MERCADEL
NEIGHBORHOOD RECOVERY SPECIALIST
PRESERVATION RESOURCE CENTER

SUBMITTED TO

HOUSE COMMITTEE ON FINANCIAL SERVICES
SUBCOMMITTEE ON HOUSING AND COMMUNITY OPPORTUNITY
CONGRESSMAN BOB NEY, CHAIR

**FIELD HEARING
HOUSING OPTIONS IN THE AFTERMATH OF
HURRICANES KATRINA AND RITA**

**January 13, 2006
2 p.m.
New Orleans, LA.**

Introduction:

Mr. Chairman and members of the subcommittee, thank you for the opportunity to testify today on our observations and assessment of the local, state, and federal government's response to the emergency housing needs of residents affected by Hurricane Katrina and short and long-term housing and economic development needs and plans for the region.

In addition to fostering the stewardship of our nation's heritage, historic preservation is a powerful force in the local and state economy. In Louisiana, culture means business, and it relies upon the full development of a unique and irreplaceable heritage of historic districts, historic buildings, and places. Surveys indicate that 28 percent of those who visit Louisiana typically come to enjoy its distinctive neighborhoods and visit individual historic properties. With regards to New Orleans, 10.1 million people visited in 2004 and spent \$5.5 billion dollars; 75,000 people were directly employed in the travel industry.

As attention shifts from clean up to reconstruction in New Orleans and the Gulf Region, we must answer the question of how, and in what form, the rebuilding will happen, and how its historic fabric will be protected for generations to come. If we get the response wrong, Katrina could turn out to be among the greatest cultural disasters the nation has ever experienced and a disaster from which Louisiana may never recover.

Saving Our Heritage:

My organization, the Preservation Resource Center of New Orleans (PRC), was established in 1974 and has had an important impact on the revitalization of historic neighborhoods in New Orleans throughout its thirty-two year history. We have had a major impact on revitalization efforts in Lafayette Square, the Warehouse District, Algiers Point, Algiers Riverview, Bywater, Holy Cross, Esplanade Ridge, Lower Garden District, Irish Channel, Faubourg Delachaise, Edgewood Park, Pontchartrain Park, Gentilly Sugar Hill and many other neighborhoods throughout the city. These are the homes of working people, low- and moderate-income families, majority African-Americans.

In addition, we have had a long-standing relationship with the National Trust for Historic Preservation (NTHP). Since Katrina, PRC has been working hand in glove, with the Trust, which has established and staffed a field office in our headquarters. So, my remarks before you today are consistent with and supportive of the Trust's efforts to make the Gulf Region whole again. For more than 50 years, NTHP has been helping to protect the nation's historic resources. NTHP is a private, nonprofit membership organization dedicated to protecting the irreplaceable. With over a quarter-million members, the Trust is the leader of a vigorous preservation movement that is saving the best of our past for the future.

Throughout the history of the PRC, now enhanced by the experience of the Trust in dealing with the Mississippi River floods of 1993, the Northridge earthquake of 1994, and numerous other natural disasters; we have learned that almost always, the first impulse of local officials is to tear down almost every damaged building in the name of public safety. We have also learned that this first impulse is almost always wrong. Obviously, some historic buildings will necessarily be lost, but we should not lose more than we have to. The federal and state government's role is pivotal in alleviating this urge to demolish and time is running out in New Orleans. For example, building inspectors in New Orleans are already at work and some preliminary reports estimate the total number of homes that will be torn down at over 50,000. Some unfortunate demolitions have already taken place, including the hasty razing of the Naval Brigade Hall, a significant landmark in the history of New Orleans jazz. It was torn down on Sept. 26th without permits or permission from the city or the owner.

In New Orleans alone, there are 30 districts listed as National Register of Historic Places or as locally designated historic districts. This represented ½ or more of the city's core. It must be emphasized that when we speak of historic neighborhoods in New Orleans, in the main, we are speaking of the neighborhoods of working people; the modest shotgun singles and doubles, Creole cottages, bungalows, arts and crafts homes, and not simply our more famous neighborhoods like the French Quarter and the Garden District. Recovery efforts must acknowledge the special character of this city. Failure to do so would only compound the devastation that has already occurred. Unquestionably, the complex network of existing federal, state, and local laws protecting historic structures cannot be ignored in rebuilding the disaster area, and every level of government has a responsibility to protect these vital elements of our heritage.

Background and Overview:

On behalf of the PRC and NTHP, I have personally been involved in tours, windshield surveys, and building-by-building inspections in nearly all of the city's neighborhoods since the middle of September. We have worked with and continue to coordinate our efforts with the FEMA Section 106 team, the Louisiana State Historic Preservation Office (SHPO), the city's Historic District Landmarks Commission (HDLC), and the numerous neighborhood associations of the city.

Since the beginning of October, the PRC/NTHP partnership has:

- Coordinated, housed, and managed 10 volunteer teams (over fifty people in total) which have met with hundreds of individual homeowners and left over three thousand information packets concerning such topics as mold remediation, city and HDLC permitting information, notices of upcoming PRC/NTHP workshop schedules and topics, general contact information, etc. These volunteers were composed of architects, engineers, planners, preservationists, and builders who were selected and matched from a pool of more than 1,100 volunteers on the Trust's website. The National Trust also forwarded nearly 500 of these names to FEMA for potential hiring by that agency.

- Distributed over 3,000 five gallon buckets filled with cleaning supplies and bleach; hundreds of desk masks, 2 pallets of bottled water all donated to the PRC.
- Distributed 13 generator and 400 tarps purchased by the PRC/NTHP with funds donated to the organizations. The generators have been distributed to various neighborhood associations, which in turn are lending them to homeowners working on homes that still do not have electric power.
- Conducted weekly workshops at the PRC headquarters on recovery topics such as mold remediation, hiring contractors, experiences from other cities ravaged by hurricanes, and raising homes with experts from the relevant fields. The attendance at these workshops has averaged between 40 and 70 people.
- Established a preserveneworleans e-group that now has more than 500 members. The e-group functions as a referral hub to find and evaluate tradesmen in the building industry, answer questions online about restoration and remediation techniques, and serves as an open forum on all recovery issues in the city and region.
- Sends a twice-weekly e-mail update on citywide meetings, forums, neighborhood association news, and items of relevance to recovery to over 5,000 people at their request.
- Were two of the lead nonprofit organizations on the historic preservation subcommittee of the Bring New Orleans Back Committee, as well as participated in many of the meetings and conferences organized to discuss and plan for the recovery locally, and at the state and national level.
- Renovated 7 homes since the hurricane through Rebuilding Together, a department of the PRC, and its national affiliate and Countrywide Financial in the Algiers, St. Roch and Carrollton neighborhoods thanks to skilled volunteers and from AmeriCorps. The renovations averaged \$10,000 per unity making them more cost effective than mass-producing new housing or even providing temporary trailers.

Ongoing Efforts – Disaster Assistance Package for Historic Preservation:

To make saving historic buildings a reality, I urge Congress to provide targeted sources of federal and state funding for the preservation of storm-damaged structures. A coalition of national preservation organizations led by the Trust and AIA are supporting a legislative package to direct federal and state resources for preservation efforts in the disaster area. The immediate goal is to stabilize and repair damaged but savable buildings before weather and the elements lead to further erosion of the historic fabric. The first and most urgent part of these legislative measures would provide immediate federal preservation grant assistance to historic property owners and supplement any funds from insurance companies, FEMA, and other sources.

PRC and the Trust has asked congress for a two-year \$60 million “Historic Preservation Disaster Relief Grants Program” from the federal Historic Preservation Fund to be administered by the states with no federal match. Applicants would agree to rehabilitate their properties in accordance with agreed-upon preservation standards and principles. The Trust hopes to use a small portion of these grants - \$2 to \$5 million – to

target key designated “Main Street” organizations with funds for preservation planning, technical, and business assistance. So much of this region’s recovery will depend on making local, neighborhood-serving, commercial districts – many of which are already designated “Main Street” communities – viable once again.

Second, the existing tax credit for rehabilitating historic commercial structures should be streamlined and adjusted to work vigorously as a targeted incentive for restoring damaged historic buildings, especially those that house critical neighborhood-serving retail in “main street” business communities. The Trust has developed a list of recommendations that would accomplish this goal and PRC supports it. While the existing tax credit program is commendable for its success in fostering the restoration of countless historic buildings across America, there are also a number of structural elements surrounding the program that Congress should address to make it more effective in the disaster area. National Park Service data show that last year, for example, federal historic tax incentives for commercial properties leveraged over 3.8 billion in private capital into the national economy. Louisiana averages fourth in the nation annually in approved projects. The historic credit can be twinned with affordable housing and new markets credits to unlock even greater potential for historic building to create affordable housing and rebuild communities. We should do more to see this happen in the disaster area.

Lastly, while we are encouraged by the reinvestment potential in proposals – such as Rep. Baker’s bill and Senator Landrieu’s companion measure – to acquire and redevelop large tracts of real estate, these should include every precaution against the demolition of historic properties wherever practicable. Adherence to Section 106 of the National Historic Preservation Act (NHPA), full compliance with existing local and state protections, and close consultation with the state’s historic preservation officer would greatly ensure that older and historic buildings are part of the complex network of options in rebuilding neighborhoods. I would encourage you to support specific reference to the historic tax credit as one of the tools that developers may use pursuant to Congressional recommendations for rebuilding. I urge you to consider incorporating these suggestions in any legislation that moves through Congress next session and expressly including historic preservation expertise in the nomination criteria for the applicable board positions.

These longer-term tax incentives to rebuild would infuse private sector dollars in a region desperate for reinvestment and encourage property owners to return to these devastated places.

For all these proposed grants and tax incentives, the framework and infrastructure created by the NHPA, the partnerships it establishes between the federal and state governments, and its reliance on close cooperation with local preservation organizations, can be an excellent mechanism to deliver the type of historic preservation assistance focused on some of the region’s housing needs. What Congress must support however, are these additional resources, adjustments, and innovations to make it work most effectively in responding to the disaster. The good news is that the NHPA has already

created the core of any response to saving historic homes in Louisiana and the Gulf Coast Region. What began back in 1966 in response to a grassroots movement to protect America's architectural and cultural legacy, has become a strong federal preservation program administered by the Department of the Interior. Its implementation relies on a strong link between the agency and the State Historic Preservation Officers in every state and the territories. Congress should use it as a tool.

Moving Forward in 2006:

In addition to our federal legislative efforts, the PRC and NTHP continue to distribute supplies and information, conduct our weekly workshops, and maintain the e-group and e-mail updates. Rebuilding Together has set a target of repairing 1000 homes in New Orleans and coastal Mississippi. The new year, however, brings even greater opportunities.

We have identified two primary long-term recovery projects which we have already started, which we believe are essential to providing housing to New Orleans residents and which can be expanded with additional funding and serve as a model for the redevelopment of significant portions of the historic neighborhoods of the city.

The first project involves the continued use of the expert volunteers from around the country working closely with PRC staff to conduct independent, comprehensive surveys of buildings in the neighborhoods. Beginning this past Monday, January 9, we have targeted the red-tagged buildings in the National Register and local historic districts. There is a list of approximately 200 buildings in these districts that are on the city's priority list for demolition. We are working with the city's HDLC on identifying these properties as there are several conflicting lists being circulated, and will share our findings with both the HDLC and FEMA, as well as making the information available to the individual property owners. Property owners, city officials, and FEMA will make the final decision on what buildings can and should be saved. But the work of our survey teams will give them the facts they need to make informed decisions and rational recovery plans.

Early survey reports indicate that there seems to be a misunderstanding among political leadership at the local level about the structural integrity and restorability of the homes that were flooded. There is also a lack of recognition for the remarkable energy and determination in the heart and soul of residents who are willing to return and restore their homes. We have heard a lot of talk about demolition – which is the ultimate failure and which, in our opinion – would be an economic disaster. While we recognize that there are many issues that must be resolved in conjunction with housing, such as levees, insurance and building codes, while some buildings may ultimately be lost; we believe that a commitment to historic preservation and assistance to residents returning home would greatly alleviate the disastrous economic conditions facing the city at this time. This should be a top priority in our recovery efforts. This is why the Section 106 reviews and adherence to existing regulations regarding demolition must be respected, not weakened for expediency.

Our second major initiative complements the efforts of Operation Comeback, another program of the PRC operating since 1988, and a major new NTHP program – HOME AGAIN!

The down-home heart and soul of the city beats in the lesser known neighborhoods such as Holy Cross, New Marigny (also known as St. Roch), Tremé, Mid-City, and Broadmoor where officially designated historic districts showcase the modest creole cottages, corner stores, and shotgun singles and doubles that are essential ingredients in the rich architectural mix that is New Orleans.

Operation Comeback has been renovating buildings in some of the very areas of town being eyed today for grand schemes and demolitions. Unlike many of the plans now under consideration, Operation Comeback works closely with local homeowners, respecting their rights as citizens and not giving them mandates dictated from above. It has also relied on the power of demonstration, confident that others will quickly emulate a successful project, however limited in scale. Thanks to this, Operation Comeback has been responsible for the transformation of thousands of old New Orleans structures, including whole neighborhoods that were once blighted and forgotten by all but the people living there. It has accomplished this, with a revolving fund that rarely exceeds \$160,000, by efficiency and the strategic use of HOME funds and grants.

One a two-block stretch in Holy Cross, Operation Comeback is re-renovating one of its projects flooded by Katrina. It has also acquired two other parcels and a donation of \$40,000 worth of materials for each property. One is the renovation of a blighted property; the second is new construction using a design based on the neighborhood's existing historic structures. In this same area is one homeowner, who purchased her home from Operation Comeback and is currently repairing flood damage to her property.

HOME AGAIN! has targeted another home down the street for gut renovation, organized volunteers to clean out the house over Thanksgiving weekend, and already has a scope of work prepared for the project.

The HOME AGAIN projects of the NTHP already number three, and a dozen other homes have been identified as potential projects. The primary areas of focus initially will be Holy Cross, New Marigny and Tremé. Depending on funds raised, the project may expand. The goal will be to provide assistance to homeowners in flooded areas, especially; those who did not have flood insurance or were underinsured and have limited incomes. HOME AGAIN! will also provide mini-grants to homeowners in the immediate areas of concentration to assist them in their rehabilitation efforts. Our expectation is to serve as a catalyst to homeowners in these historic neighborhoods providing technical assistance as well, to show how and what can be done. The NTHP has an initial goal of assisting 100 homes.

Conclusion:

The economic role of historic preservation and the federal, state, and local resources it bears are tantamount to revitalizing the commercial stability of the region and preserving it for future generations. Rising out of the past, the Gulf Coast remains one of the nation's most important centers of economic activity, so many historic buildings are where its people actually live and conduct daily business, commerce, and tourism. The goal of rebuilding efforts should be to allow displaced people to come home, again, to communities that are healthy, vibrant, familiar places to live and work. Federal, state and local government should make every effort to save those buildings where possible.

Attachment: The Operation Comeback model

The OC model is to bring a variety of resources to the neighborhood.

- Rule #1: Work with the neighborhood residents and leaders. They are important to the success.
- Rule #2: Market the neighborhood as a great place to live or to invest in, depending on where it is in its evolution. Take stock of what it has to offer and emphasize in communications. Have as many events on site in the neighborhood as possible to break down the public's resistance or concern about it and make it "personal" for them. These can include Live in a Landmark walking tours to showcase available properties, tours of renovated houses, Renovators' Happy Hours to show case rehab projects.
- Rule #3: Take stock of the real estate, find out where the vacant properties are, research the ownership and market them.
- Rule #4: Establish one or two targets areas in the neighborhood. Buy distressed properties in close proximity to one another and rehab them for sale.
- Rule #5: Attract as many complementary resources to the neighborhood as possible. Attract Rebuilding Together to rehab houses of the elderly low income. Get an educational program going in the schools that uses the neighborhood as a lab. Find a non-profit that specializes in special needs housing (elderly) and get them active. Get schools to do volunteer projects to help. Entice real estate agents with listings in the neighborhood to all have open houses on the same afternoon and then market to the public. Apply for grants from the government in partnership with other entities. The goal is to create a wide variety of organizations that have a stake in the success of the area and that bring their own financial resources.
- Rule #6: Encourage facade improvements to businesses and houses by offering small facade improvement grants.
- Rule #7: Give abundant technical assistance to homeowners in the neighborhood who want to renovate their houses but don't know how or to get a loan or to hire a contractor, etc.
- Rule #8: Start small and build.
- Rule #9: Don't give up, even when 7 houses you poured your heart and soul into flood, the neighbors disperse around the country and the city talks about bulldozing the neighborhood.

Mr. Chairman, members of the committee, thank you for inviting me here to speak to you today about the City of New Orleans. To all the members of the Committee on Financial Services and The Housing and Community Opportunity Subcommittee, and especially our Louisiana delegation, thanks for traveling to our city and the Gulf Region to witness the devastation created by Hurricane Katrina and to discuss our path to recovery.

As you know, last August Hurricane Katrina devastated New Orleans and the Gulf Region forcing many people to flee, flooding thousands of homes and decimating many lives.

As a result, many of our neighborhoods were inundated with water for an extended amount of time which caused widespread destruction of homes and businesses.

We have since focused on bringing our citizens home, rebuilding our lives, and revitalizing our economy and our neighborhoods.

We are working with various planning groups, including the renowned Urban Land Institute and the U.S. Conference of Mayors' Institute on City Design, along with other experts, residents and business owners to determine how we can build a better, stronger New Orleans and retain our distinctive historic neighborhoods.

I have specifically charged the Bring New Orleans Back Commission with recommending a recovery blue print. Earlier this week, the commission's Urban and City Planning Committee unveiled their recommendations in a report and master plan for rebuilding New Orleans.

Their recommendations include the following principles:

- All citizens have a right to return and live in a safe environment
- Levee protection is the # 1 issue and will require a comprehensive upgraded regional flood protection system that includes coastal wetlands restoration
- An inclusive, open and equitable neighborhood planning process with planning districts is needed to determine appropriate development and redevelopment. This proposed process will begin immediately and be completed within six months
- Neighborhoods will work with planners to choose focus areas of redevelopment and will explore locations for community centers. These community centers may include schools, churches, cultural attractions, parks, and retail centers
- Multifunctional parks in every neighborhood can serve as part of an internal storm water management system as well as recreational and cultural venues

- City-wide and regional transit is integral to this plan---light rail, the recommendation, will also serve as a catalyst for development
- A reconstruction authority will direct and finance the public and private processes of rebuilding. It will be a separate entity with legal authority

A key part of the committee's report revolved around the Louisiana Recovery Corporation (LRC) concept proposed by Congressman Richard Baker and championed by this house committee. I want to again thank Congressman Baker and your committee for proposing an innovative solution that has great potential to help us meet our redevelopment challenge. The citizens and businesses of our city deserve stability and need hope restored to their temporarily chaotic lives in this post-Katrina world. The magnitude of our devastation requires the financial resources of the federal government. The corporation would be a major tool in the redevelopment toolbox.

This Congress has also begun placing additional tools within reach to help rebuild our city. Before adjourning at the end of the year, Congress appropriated \$11.5 billion in Community Development Block Grants (CDBG) for Gulf States affected by the multiple hurricanes that devastated the region. The money is to be distributed to the states through the US Department of Housing and Urban Development, with whom we have always enjoyed a strong working relationship. The State of Louisiana anticipates receiving up to \$6.2 billion of those cob funds. It is our hope that funds are targeted to the communities most affected on a formula basis that takes into account structures damaged or destroyed and the number of citizens displaced.

We also want to thank Congressman William Jefferson for his leadership and the additional rebuilding tools in the form of the Gulf Opportunity Zone (GO ZONE) Act that also passed during the last session. This important legislation gives businesses and individuals in those zones special tax incentives that will help rebuild homes and restart businesses.

These tools present a first offering of a means by which homeowners who otherwise would struggle with "hurricane induced negative equity" can explore options to make up the difference between what it would cost to rebuild their homes and the money available to them from insurance and other proceeds.

We hope to give homeowners choices about how and where to rebuild their lives and our community.

We've received the committee's recommendation, and although some parts are controversial, I look forward to going through the report with a fine tooth comb to analyze the data and each recommendation so that we can begin a very important phase in our rebuilding and revitalization of New Orleans.

I want to thank you again for inviting me to be here. New Orleans must be rebuilt and must be made a safe place to live, work and do business.

I am confident that by working together, we can achieve a common vision: a vibrant New Orleans with a thriving economy, prosperous citizens, and the chance to once again contribute to our great nation. Thank you.

Statement by Randy Noel
President
Reve Inc.
for the
House Financial Services Committee
Subcommittee on Housing & Community Opportunity

January 13, 2006
Port of New Orleans
New Orleans, LA

Introduction

I appreciate the opportunity to share with the subcommittee my views on the local, state and federal response to Hurricane Katrina in New Orleans and to provide you with what I see as the short- and long-term housing and economic development needs in the city. I have been a custom home builder in New Orleans for over 21 years. In that time, I have used a wide variety of state and federal housing programs, including the Federal Housing Administration's (FHA) Section 203 (b) program, Department of Agriculture Rural Development Direct and Guaranty Loan programs, Veterans Administration programs, State of Louisiana Housing Finance Bonds and conventional housing financing. In addition, I have built to Federal Emergency Management Agency (FEMA) requirements for the National Flood Insurance Program (NFIP).

I was the President of the Home Builders Association of Greater New Orleans in 2001 and served as the President of the Louisiana State Home Builders Association in 2004. I currently represent the State of Louisiana in the National Association of Home Builders (NAHB), am a member of the NAHB Housing Finance Committee and the Chairman of the Financial Institutions and Capital Markets Subcommittee. Finally, I serve on the Jefferson Parish Economic Development Commission's (JEDCO) Housing Task Force as well as the Louisiana Recovery Authority Housing Task Force.

On August 30, I returned to my home town of La Place, Louisiana on August 30 to find, thankfully, minimal damage but no utility service. I was lucky. I did have a generator and supplies and was able to begin repairing my home. I was shocked at the breaks in the levees. As the level of devastation caused by the rising water in New Orleans became apparent, I knew that no level of government could be adequately prepared for the crisis that would follow. It was also clear to me that rebuilding the housing stock in New Orleans would be critical to the city's recovery and that the home builder community would be a key partner in that effort.

I want to share with you some of my first-hand experiences from my perspective as a home builder. The focus of my testimony is those aspects of federal, state and local government's

response that impact my ability to do the work of rehabilitating damaged homes and building new housing in New Orleans.

Federal Response

I. Temporary Housing

One significant problem builders have experienced throughout the hurricane recovery is a critical shortage of labor. Feeding this shortage is a lack of available temporary housing for workers. My brick layer, for example, lived in the Ninth Ward, and when I finally made contact with him after the disaster, he had relocated to Mississippi and was working there. Like many others, he would gladly have returned to New Orleans if there were places to live, but temporary housing was virtually non-existent. There are two reasons for this shortage. First, many residents whose homes were destroyed immediately purchased or leased any available structure that was available. Second, the pace of delivery of trailers by FEMA for temporary housing for workers has been very slow which, in turn, has slowed down the rebuilding process. Generally, trailer placements are slow because FEMA has been releasing only twenty-five trailers per day on each side of the Mississippi river. Additionally, quick placement of these trailers has been impaired due to burdensome permitting and hook-up requirements and inspection processes.

II. Labor Competition

Another factor contributing to an acute labor shortage in New Orleans is the inflated wages being paid by large FEMA contractors. Many of our potential workers have been offered double the normal rate of pay to work for these companies. Unable to compete with these pay rates, small builders in the region are left wanting for workers. Recently, however, there has been an influx of laborers from other areas of the country, particularly the Midwest where activity has slowed, so I am hopeful that this will help alleviate some of the labor shortage problem. But, even with a larger pool of workers from which to draw, without adequate housing for them, the labor shortage will continue and rebuilding will continue to be slow.

III. Damage Assessments and Permitting

Builders in New Orleans also have concerns with FEMA's requirements for damage assessments and permitting for repair work on damaged homes. FEMA damage assessment requirements for local permitting offices, and the agency's requirement that permits be issued for damage repairs is straining the limited staff resources within local permitting offices. Because there are so few inspectors to do the work and so many homes to inspect (estimated at over 200,000), the repair process is being held up by a minimum of three months. When there is a catastrophe of this magnitude concerning so many homes, it is unreasonable to expect the permitting office to behave as if it is business as usual. FEMA needs to be more flexible and recognize the unique size and scope of this crisis. FEMA also appears to be using this repair permitting process as a way to implement code changes to mitigate future damage, which increases the cost and the time it takes to repair homes.

IV. Base Flood Elevation & Flood Control Systems

Since the hurricane disaster, there has been confusion among homebuyers as to the ultimate Base Flood Elevation (BFE) that homeowners may be required to meet when they repair and rebuild their homes. Some political leaders have suggested increasing base flood elevations and even preventing some areas from rebuilding altogether. In either case, residents need clear guidance from federal, state and local officials on BFE requirements in order to begin repairs and rebuilding.

A clearer policy also is needed concerning the future of flood control systems in New Orleans, or residents will not return to the area or may even relocate. For example, many St. Bernard parish residents have abandoned their homes and relocated to other areas because they feel the Mississippi River Gulf Outlet will ultimately flood their homes again. Many intend to take their insurance settlement money and SBA loans and purchase homes on higher ground.

I applaud the Congress for appropriating money in late 2005 to help rebuild the levees in New Orleans. This sends an important message to the citizens of New Orleans that help is on its way and instill in them the confidence to rebuild their homes. Their quandary remains, however, as to whether the government will increase BFEs and require them to raise their homes. The fact is - all homes built after 1984 are built at the current BFE and are not currently required to be raised. If that policy now changes, the cost of bringing these homes up to a higher BFE will be enormous and may cause people to seek more affordable locations and to abandon their desire to return and rebuild in New Orleans.

V. 50 Percent Substantial Damage Rule

FEMA's "50 Percent Substantial Damage" Rule (50 Percent Rule) requires that a home that has sustained damage equal to 50 percent of its pre-hurricane value, the homeowner must rebuild to the BFE. This regulation causes a lot of confusion for homeowners because making that determination is a very subjective process. Local permit offices are using FEMA contractors to assist in conducting damage assessments and those assessments vary greatly depending on the contractor. Using valuations and contractor quotes as a measure of whether a home is 50 percent damaged is murky and subject to wide swings in determinations. In fact, some assessments are not even reported as a specific percentage but are shown in a range as wide as 40 to 70 percent. The impact of these determinations is that some homes that may not have sustained 50 percent damage are being required to rebuild to the higher standard at enormous cost to the homeowner.

VI. Hurricane Evacuee Contact Information

Before any rebuilding can occur, the owners of damaged or destroyed homes and apartments must be contacted. Unfortunately, locating these owners and tenants is extremely difficult. Citing privacy concerns, FEMA has not been forthcoming with the location of hurricane evacuees. While we understand the importance of maintaining the privacy of these individuals and their families, without some information, there is no way of contacting the property owners to counsel them on the decision to return and/or rebuild. This lack of information is keeping badly needed housing from being repaired and stalling the execution of any planning for property

in communities like the Ninth Ward. Opening a dialogue with property owners and tenants is only fair to them and to those that have returned to rebuild.

VII. Small Business Loans

The Small Business Administration (SBA) has been overwhelmed with the number of requests for loans to help businesses continue operations until local economies recover. As a result, loan application processing is delayed and badly-needed support is not getting to small businesses, such as home builders and suppliers, in the region. It will be critical to the future economic base in the area as well as the ongoing rebuilding process to get these “bridge” funds to local businesses to carry them through until the local economy recovers.

State Response

One of the key components of the State of Louisiana’s response to Hurricane Katrina, and one that impacts the builders directly, was the establishment of a statewide building code. Among other things, this code allows contractors to hire private inspectors. This speeds up the rebuilding process considerably because builders will not have to rely on municipal inspectors, which are in short supply. This statewide building code also will help mitigate future storm wind damage and restore confidence among homeowner’s insurance companies so that they will remain in Louisiana.

Local Response

The local response to Hurricane Katrina has been blunted significantly by a lack of local economic revenue. Local revenue is critical to supporting wages for workers, such as inspectors and utility workers, who are, in turn, crucial to the rebuilding process. Because of the massive evacuation, local municipalities are collecting little or no tax revenue and have been forced to lay off essential workers in most city offices. This has a direct impact on the speed of the rebuilding process and getting residents back into their homes. For example, electric meter installation on homes released for permanent power has been slow due to the power company’s lack of staff.

Telephone communication with permit offices is virtually impossible and a personal visit to the permitting office can take all day because of a lack of staff. Local communities need financial support so they can adequately staff critical city offices.

Another concern with the local response to the hurricane is the large number of abandoned houses in neighborhoods and the resultant loss of market value. "Should I rebuild if my neighbors are not going to rebuild?" is a nagging question for returning residents. Taken to a larger scale, it is the question of how to rebuild New Orleans. There has been the suggestion that the state or local governments be given the authority to "take" property, or the "use" of property, to guarantee homes are removed or rebuilt. National planning organizations have descended on New Orleans with myriad ideas for redesigning the city. With these, or any other approach to redesign New Orleans, input must be received by those citizens whose homes are potentially eliminated by a new design. Property owners must be engaged in the process, if they are to support any effort to rebuild New Orleans.

Short and Long-term Housing and Economic Needs

Below are some of the critical housing and economic needs facing New Orleans and some suggestions as to how to address those needs.

I. Temporary Housing

One immediate short-term housing need is stepping up the delivery and availability of trailers to sites where homeowners are repairing and rebuilding their homes. This approach ensures that trailer homes are temporary and allows the homeowner to return to their community and become invested in the reconstruction effort. Speeding up the availability of utilities for these trailer homes is another critical short-term need that must be better met. For example, licensed electricians and plumbers from outside the area should be able to register with the local jurisdiction's authorities and allowed to call for permanent power without jurisdictional inspections. To assist local communities who face a shortage of funds, low interest loans could be made available to help hire back staff and ramp up the return of utilities.

For temporary trailer communities not located on actual home sites, local residents must be consulted on where those communities are located. Further, to alleviate concerns about crime, the surrounding community must be confident in the screening process for the residents of trailer communities. Also, regular security must be provided and common areas must be regularly maintained. Surrounding residents should be notified that there is a date certain for the removal of the trailer community. Finally, infrastructure must be capable of supporting future development of housing after trailers are removed.

II. Resources for Repair and Rebuilding

Perhaps the greatest need in overcoming the housing crisis in New Orleans is financial resources for property owners, especially working class families, to repair or rebuild their homes. Many have lost most, if not all, of their regular income and will need financial support to keep their homes. It is evident that in most cases insurance settlements alone will not cover the total cost repairing or rebuilding homes to the BFE and building code. Low-interest loans or grant dollars are necessary to help close this gap. The steps Congress has already taken to reprogram emergency funding for FEMA for the Community Development Block Grant (CDBG) and other programs is a good beginning. Once these resources can be brought to bear, property owners will need to be counseled on their financing options to repair or rebuild their properties.

III. Rebuilding Standards

There must also be clarity provided to homeowners as to what BFE standard and building code homes must be repaired or rebuilt. Also, the 50 Percent Rule should be applied according to a more objective and precise standard. On a larger scale, a comprehensive, inclusive process for planning and rebuilding decisions involving stakeholders should be implemented. When decisions have been made on what areas will or will not be rebuilt, that message must be communicated clearly to the public.

IV. Resale of Homes and Redevelopment

Not all residents will choose to return to their homes. There must be a process to facilitate the sale of these properties to interested buyers so communities do not stagnate, redevelopment can occur and the local tax base can be rebuilt. I applaud Representative Baker for introducing his bill, H.R. 4100 – the “Louisiana Recovery Corporation Act” – to assist in this effort. The Corporation will be an excellent tool for housing and economic development in New Orleans. I do have some concerns, however, with the impacts on housing investment if banks and investors can only be assured of receiving 60 percent of the loan amount upon purchase by the Corporation. When new loans are made, they will be more expensive because investors will require a greater discount on the investment.

V. Small Business Administration Loans

The Small Business Administration (SBA) has been overwhelmed with the number of requests for loans to help businesses continue operations until local economies recover. One way to address this problem is to allow banks to be agents of SBA and make low interest loans in the affected areas for a fee. Also, to help spur economic redevelopment, SBA loans could be made available to manufacturers and others willing to relocate to the area. This would help create new jobs for area residents and help rebuild the local tax base.

VI. Building Material Costs

The cost and supply of building materials has been a significant, nationwide problem for several years, particularly framing lumber, OSB plywood, sheetrock and cement. This problem will only worsen as demand spikes from repair and rebuilding activities in New Orleans and the Gulf Coast. Most builders in the area are still in the repair phase of work; however, rebuilding will begin in earnest soon. Contributing to the higher costs and constrained supply of critical building materials are the excessive and unjustified tariffs and duties on these products from Canada, Brazil and Mexico. These tariffs and duties only act to increase the cost of housing at a time when housing affordability will be critical to the recovery of New Orleans. The U.S.

Congress should encourage the removal of these tariffs and duties to ensure the adequate flow of materials to the area.

VII. Coordination Among Federal Agencies

Finally, there must be greater coordination among the federal, state and local agencies involved in the effort to respond to the crisis and a clearer leadership point of contact. Currently, there are multiple agencies, commissions, task forces and other bodies that have taken the lead on some aspect of responding to the crisis, but no one, clear leader. This makes it difficult for builders and residents to know who has the authority to make decisions. Effectively addressing the myriad short- and long-term needs resulting from this disaster will take the combined expertise and resources of all of the key agencies and levels of government, but a single entity must be the point of contact for decision-making.

Conclusion

Thank you for the opportunity to share my views on the federal, state and local responses to the housing crisis in New Orleans resulting from Hurricane Katrina as well as some of the key housing and economic needs that must be met. I believe New Orleans will recover from this disaster and the area will have rapid economic growth for at least two years as housing is rebuilt and repaired.

Congressional Testimony of James Perry, Executive Director of the Greater New Orleans Fair Housing Action Center – 1/13/06

Introduction

Consider the following statements:

- “I would love to house a single mom with one child, not racist but white only”
- “Not to sound racist but because we want to make things more understandable for our younger child we would like to house white children”
- “Provider would provide room and board for \$400, prefers 2 White females.”

To many of you these statements may sound like a flashback to discriminatory housing advertisements from the 1960’s. Unfortunately though, these statements are from a sampling of discriminatory advertisements placed on housing websites for Hurricane Katrina evacuees, including Katrinahousing.org, Katrinahome.com, nolahousing.org, dhronline.com and relief.welcomewagon.com. I have here 28 pages of ads like these where people, purporting to help evacuees, restricted their so-called goodwill, based on a person’s race, color, religion, national origin, sex or familial status. (See attached)

Greater New Orleans Fair Housing Center

Good afternoon, my name is James Perry, I am Executive Director of the Greater New Orleans Fair Housing Action Center (FHAC). Chairman Ney, Ranking Member Waters, and members of the Committee, I would like to thank you for inviting me to speak with you today about the fair housing issues facing New Orleans.

FHAC is an 11-year-old private, non-profit civil rights organization established to eradicate housing discrimination throughout the greater New Orleans area. FHAC promotes fair competition and equal opportunity in rental, sales, home lending, and provision of housing-insurance. FHAC is dedicated to fighting housing discrimination not only because it is illegal,

but also because it is a divisive force that perpetuates poverty, segregation, ignorance, fear, and hatred. We work primarily under the Federal Fair Housing Act, which, as you know prohibits discrimination in seven protected classes: race, national origin, color, religion, sex, family status, and disability.

FHAC is the only full-service fair housing center in the state of Louisiana. This means that we educate consumers and the housing industry about fair housing and we enforce fair housing law through litigation and HUD's administrative process.

Status of Housing Discrimination Post-Katrina and Rita

Since Hurricanes Katrina and Rita, FHAC has received a record number of calls – approximately 200 - about discriminatory treatment in housing. Complainants and independent investigation have uncovered the following:

- Some landlords have represented to Black home seekers that vacant livable units were unavailable or unlivable;
- Black home seekers have been charged more rent and higher deposits than their White counterparts;
- Rental agents failed to return messages to African-American home seekers while returning the calls of their White counterparts;
- Rental agents offered special inducements like lower security deposits to White home seekers, while refusing to offer the same to their Black counterparts;
- People with mobility impairments have complained that there are few accessible housing units available.
- In December, we were forced to file a lawsuit against the City of Denham Springs after the city applied its zoning code in a manner that discriminated against a group home for displaced New Orleanians with mental disabilities. At the public hearing on the issue, neighbors made numerous statements indicating that their resistance to the new group

home was based upon false stereotypes and misconceptions about people with mental disabilities.

- As previously noted, at least five websites, created to assist evacuees in locating housing, ran housing advertisements that were discriminatory. The ads blatantly stated: no blacks, no Latinos, no children and Christian only. FHAC has filed complaints against the websites, and in the process, found that FEMA sponsors one of the sites. In response, FEMA, in a Times-Picayune article praised the website as a key asset in matching housing with displaced residents.
- Additionally, we filed a complaint against the Housing Authority of New Orleans after learning that the few available public housing units in the City located at the redeveloped St. Thomas housing project were actually being leased to the housing authority's employees, rather than to returning St. Thomas residents. This despite a conciliation agreement between the HUD, HANO, and former St. Thomas residents requiring that a preference be given to former residents of the development.
- A huge issue is the not in my backyard sentiment, or "NIMBYism," espoused by many people in and around New Orleans. One St. Rose resident remarked: "My concern was strangers coming into my neighborhood that I knew nothing about... I don't want my neighborhood ruined because theirs is." This NIMBYism has prevented FEMA from locating thousands of trailers on sites in and around the city of New Orleans. That is, thousands of displaced New Orleanians can't come home because some people say simply: not in my backyard. Our office is closely monitoring the issue.
- In a study by the National Fair Housing Alliance compiled after Hurricane Katrina, it was found that White evacuees seeking housing were favored and treated more favorably than Black evacuees seeking housing, 66% of the time. The Alliance has filed complaints against some of housing providers as a result.

I say to you committee members – housing discrimination, unfortunately, is alive and strong. Members, FHAC is the single organization assisting victims of housing discrimination in the entire state of Louisiana. Because of the Hurricane, we have only 2 employees. HUD has offered some support and we have been working closely with the Lawyers' Committee for Civil Rights

Under Law and the National Fair Housing Alliance....but we need more support and more funding, and we need it now. We need your help in battling housing discrimination.

Overall Housing Concerns

I'd like now to turn for moment to some other aspects of the rebuilding.

The Gulf States have entered a new chapter in dealing with the aftermath of Hurricanes Katrina and Rita. The focus has turned from the provision of necessities like water and food, to housing, housing and housing. This is no longer a natural disaster emergency – rather it is a housing emergency.

Thousands evacuees are ready, willing and trying to return to normalcy, but a lack of housing prevents them. There are several problems in the federal, state and local responses to the housing emergency. I'll address some of the federal housing issues and an important local issue specific to New Orleans.

Federal Housing Issues

FEMA and SBA have been designated as the agencies to handle many housing needs; FEMA through provision of rental assistance and trailers and SBA through home loans. The problem is that neither agency has the housing expertise or the capacity to provide this assistance. The result has been tough times for Gulf State residents. For example:

1. The Advocacy Center, a local disability advocacy non-profit had to threaten legal action against FEMA to get them to provide trailers accessible to people disabilities.
2. After being advised of discriminatory statements on an affiliate web site, FEMA praised the web site as a key asset in matching housing with displaced residents.

3. FEMA has consistently made unclear statements about the expiration of hotel housing leaving evacuees on the precipice of homelessness. This is without out solidifying a housing plan for evacuees.
4. The Baton Rouge Advocate Newspaper reported that by mid-October SBA had denied 9 of every 10 applications for assistance – the problem was so bad that Rep. Nydia Velázquez, a member of this committee called for an investigation.

FEMA and SBA are failing on the housing front and it brings up a simple question – Why is HUD – the United States Department of **Housing** and Urban Development – not handling the provision of housing? The agency is likely the largest owner/manager of housing in the Gulf States. The agency is charged with monitoring and investigating complaints of housing discrimination. Further, it oversees the Federal Housing Administration and as a result has oversight regarding an immense number of home loans. FEMA and SBA are failing the Gulf States – the housing portion of the recovery should be moved to HUD.

Federal Legislation

I'd like to first thank each of you for appropriating more than \$390 million for vouchers for section 8 and public housing residents. Key to our recovery is one for one replacement of public housing units in a way that integrates public housing residents evenly into our city. These funds will go a long way helping to achieve that goal.

In addition, thank you for the \$11.5 billion dollars appropriated in CDBG funds. These funds are desperately needed as well and will be pivotal in our recovery. Regarding CBDG funds, I implore and charge our state and local elected officials to remember that by federal statute, all states and municipalities receiving these funds must affirmatively further fair housing. That is when using the funds, New Orleans and Louisiana are legally obligated to work to end racial segregation and provide equal housing opportunities for everyone.

I am hopeful that the Baker bill, will receive your support and pass as well; however I do urge a few considerations regarding the bill.

1. Homeowners should be paid 100% of the value of their homes, not 60% as in the current version of the legislation. Remember this the only way that many uninsured homeowners will recover for their destroyed homes.
2. Participation in Baker Plan, must remain completely and totally optional – that is homeowners should, at no point, be required to participate in the plan.
3. The current plan allows homeowners to sell properties to the Louisiana Recovery Authority and allows developers to purchase redevelop their homes. There should be an option that allows homeowners, through federal bonds, to redevelop their own properties.
4. Developers, acquiring properties through the Louisiana Recovery Authority should be expressly required to affirmatively further fair housing. Further, all projects should be examined to insure that they do not perpetuate racial and economic segregation.
5. All new development coming as a result of the bill should be required to have a mixed-income component.
6. At least 20% of new housing built through the Baker bill process should be accessible.

Local Housing Issues

PUBLIC HOUSING: I would also like to make some remarks regarding the future of public housing in New Orleans. Sec. Jackson has lauded the HOPE VI redevelopment of the St. Thomas public housing project, now know as River Garden, as excellent and an example of the future of public housing in America. Well make no mistake – River Garden has failed New Orleans, it citizens and, most importantly, the residents of public housing. In attempts to de-concentrate poverty, most low-income residents of River Garden were simply moved to and concentrated in other high-poverty areas of the city. So yes, poverty was de-concentrated in upper-income, majority White uptown New Orleans but only because the poverty was removed and re-concentrated in New Orleans East, the Lower 9th Ward and the St. Bernard Housing Development. HOPE VI, through River Gardens has done little more than further segregate New Orleans and the people who lived in St. Thomas. Any future plan must take a holistic approach aimed at desegregating the entire city, not a single neighborhood. HOPE VI must change its focus from bricks and mortar, to the people.

Now Is the Time for Action

This is a key time and key opportunity for New Orleans. Our city has struggled with a history of racial segregation that has left much of the African-American population poor and destitute. African-Americans lived in the lower 9th ward and New Orleans East, often times, not by choice, but because of historic patterns of residential segregation in New Orleans. Here's what is different this time. Usually, segregation causes African-Americans to attend failing schools, have poor access to healthcare and fewer job opportunities. That remains true here, but this time, segregation, working with Hurricane Katrina, caused African-Americans to loose their homes. We all know that story of the American Dream – and along with it is the image of the home with the white picket fence. Well here – residential segregation – working with Hurricane Katrina demolished the home and destroyed the white picket fence, and with it the American Dreams of thousands of African-Americans in New Orleans. Members, I submit that you have an opportunity, through good legislation and monitoring of federal agencies, to re-implant the America Dream in the minds of thousands of New Orleanians. Equal housing opportunity and desegregation of New Orleans neighborhoods must be the guiding principle. Through proper governing of CDBG, public housing assistance and the Baker Bill, you can insure equal housing opportunity for all New Orleanians. Take our challenge and use your power to insure every New Orleanian has access to housing that is connected to opportunity, housing that is inclusive, housing that is accessible, housing that is fair.

Recommendations and Action Items

- Federal, state and local government officials must strongly and publicly condemn housing discrimination and make fair housing a priority in appropriate program activities.
- Create a government funded transportation project for the specific purpose of transporting and returning displaced Gulf Coast residents back to their homes.
- Design and facilitate a right of residents to return to their homes and neighborhoods

and contribute to the rebuilding process, consistent with the United Nations Guiding Principles on Internal Displacement.

- Facilitate the right to return of New Orleans residents by prohibiting discrimination on the basis of the use of a housing subsidy or voucher. Many families seeking to return may be forced to rely on housing vouchers to be able to afford housing in the private market. Policies that excluded renters with housing subsidies were pervasive in the New Orleans housing market before Katrina and will inhibit the return of residents if allowed to continue.
- As all Gulf Coast cities, counties and parishes rebuild and create housing opportunities, they should make fair housing a basic component of each program. The redevelopment of communities should be integrated in terms of race, national origin, and economic class.
- Transfer the housing related components of the rebuilding process from FEMA and SBA to HUD.
- Local fair housing organizations in Louisiana and Mississippi should receive additional funding from HUD and other entities for their education and enforcement programs.
- Support the Baker Bill with a 100% of market value buyout option rather than the existing 60% option.
- Keep participation in the Baker Bill plan completely optional.
- All new development coming as a result of the Baker bill should be required to have a mixed-income component.
- The Baker Bill should have an option that allows homeowners, through federal bonds, to redevelop their own properties.
- FEMA must make fair housing a component of the relief it is offering. Its trailer parks must not perpetuate residential segregation. FEMA is not exempt from federal, state or local fair housing laws.
- Municipalities that receive Community Development Block Grant funds are required to affirmatively further fair housing. They should utilize a portion of these funds to fund the education and enforcement programs of local fair housing organizations.
- A fair housing education campaign, specific to victims of Katrina, should be developed and run in print and electronic media outlets. Resources should be allocated to address

the needs of those who respond to the campaign.

- HUD should be actively involved in funding local fair housing efforts and addressing fair housing concerns.
- HUD should monitor all FEMA and SBA housing related activities to prevent possible fair housing violations.
- The Red Cross, United Way, and other charitable organizations must ensure that their programs are administered without regard to race, religion, national origin, etc. These charities are not exempt from federal and local fair housing laws. The housing placement offered must not perpetuate segregation.
- HUD should fund a national enforcement testing project to uncover the nature and extent of housing discrimination against people displaced by the recent hurricanes and people rebuilding in the Gulf Coast region and to identify predatory lending and home repair scams.
- Support federal funding of emergency and long term housing needs consistent with the recommendations of the National Policy and Advocacy Council on Homelessness.
- FEMA should create an anti-displacement policy ensuring that it's efforts to create short-term housing do not result in evictions of other residents, resulting in the creation of new homeless populations.
- Support survivors in their efforts to require FEMA to make it easier to apply for temporary housing assistance and to provide immediately more transitional.
- Renters should be able to return to those homes and resume their rental payments in accordance with their existing leases.
- Residents without leases, or those who are renewing their leases, should be protected from rental increases that exceed 10 percent of their previous rental amount.
- Make use of existing housing units in the private market before relying on mobile homes.
- Create an inventory of blighted, HUD and government owned properties located in neighborhoods that were not affected by flooding. Considering that non-flooded neighborhoods already have utilities and other infrastructure not yet available in flooded areas, plan and implement incentives for currently blighted properties to be placed in commerce.

- Look at strategies for acquisition of blighted properties to be renovated for workforce housing, affordable rental housing, and homeownership.
- Use the rebuilding effort as a means of creating wealth and building the assets of New Orleans residents through homeownership opportunities, training in the building trades, and small business development.
- HANO should immediately establish the right of every former HANO-assisted public housing or voucher resident to return to New Orleans to a unit that is affordable, and inform every displaced HANO-assisted tenant of this right.
- The physical condition of all public housing units should be determined: habitable, needs minor rehabilitation, needs more substantial rehabilitation, or must be demolished. This information must be made public immediately.
- HANO tenants should be permitted to have temporary guests and to temporarily overcrowd without penalty, especially for those guests without affordable housing who are disabled or seeking work.
- HANO should not demolish any structurally sound buildings in any publicly subsidized developments just for the purpose of facilitating redevelopment until this immediate housing crisis is resolved.
- If units were partially destroyed, allow tenants to decide whether to terminate the lease or to accept a transfer to another HANO property while the unit is being repaired. Make all repairs to public housing units that were only partially destroyed within 90 days.
- Provide Section 8 vouchers to public housing residents whose units were destroyed and assist them in locating alternative temporary housing while their units are being repaired.
- Implement a tracking system to ensure that HANO continues to communicate with public housing and voucher residents about the housing and moving resources available to them both in the short term and after any redevelopment activities are completed. Few residents will be able to take advantage of redevelopment if HANO has no way to contact them. This could include providing a means for HANO residents to ask questions of an ombudsperson, as well as to update their contact information and check their waiting list status, etc.

- Once buildings or developments are identified as uninhabitable, make non- negotiable the participation of former public housing residents in the planning and implementation of any redevelopment plans. Make training and employment of former public housing residents in redevelopment activities a condition of funding and contracting.
- Support the increase of voucher payments up to 150% of fair market rents or higher when necessary to assist lower income households to compete for scarce, more expensive housing. Residents on fixed incomes would have to spend nearly all of their income on rent to pay the difference between their voucher payments and the actual rental costs in the post-Katrina rental environment. Currently residents participating in the Katrina housing voucher program (KDHAP) are reportedly capped at 100% of the fair market rents set prior to Katrina. Even residents using vouchers prior to Katrina were able to request payments of 110% of fair market rents.
- Provide housing counseling assistance for families with vouchers who need help finding affordable housing near jobs, schools, and services.
- Oppose efforts to siphon off existing voucher funds to pay for redevelopment of public housing. Vouchers may be one of the few means to provide housing to public housing residents waiting for public housing units to be redeveloped.¹⁷
- Provide incentives to suburban jurisdictions that accept former New Orleans public housing residents using vouchers. Support the portability of voucher use between parishes.
- Prevent the exodus of landlords from the Section 8 programs by paying fair rental amounts to landlords whose properties are currently habitable.
- Create an inventory of low income tax credit properties, which are unable to deny housing to families on the basis of their use of a housing voucher.
- Assist the right to return of the City's workforce by supporting proper notice with regard to eviction proceedings. Proper notice must consist of a minimum of notice by mail. Tacking notice should be the notice of absolute last resort.
- Extend the mortgage forbearance period, provision of design and technical assistance to homeowners, and provision of financial assistance to homeowners to facilitate their right to return.



**“Rebuilding Housing in the Aftermath of Hurricanes
Katrina and Rita”**

Testimony of

Larry G. Schedler, CCIM
President
Larry G. Schedler & Associates
Metairie, Louisiana

Before the
House Committee on Financial Services
The Subcommittee on Housing and Community Opportunity
New Orleans, Louisiana

January 13, 2006

The American apartment industry...working together for quality, accessible, affordable housing.

SUITE 540 • 1850 M STREET, NW • WASHINGTON, DC 20036 • (202) 974-2300 • FAX (202) 775-0112 • WEB SITE: WWW.NMHC.ORG

Chairman Ney, Ranking Member Waters and distinguished members of this Subcommittee, my name is Larry Schedler and I am the President of Larry G. Schedler & Associates in Metairie, Louisiana. I have been representing buyers and sellers of apartment communities for the past 20 years, and have successfully handled the sale of more than 20,000 multifamily units. My multifamily brokerage firm is unique in that I focus exclusively on the Gulf Coast Region. During my tenure, I have worked with clients ranging from nonprofit housing organizations to institutional investors and from insurance companies to private investors. I also have experience in conventionally-financed transactions and affordable housing transactions financed through tax-exempt and taxable bonds, Low-Income Housing Tax Credits (LIHTC) and various other HUD/FHA financing programs.

I am here today at the request of two trade associations that represent the private apartment industry—the National Multi Housing Council (NMHC) and the National Apartment Association (NAA). NMHC and NAA represent the nation's leading firms participating in the apartment industry. Their combined memberships include apartment owners, developers, managers, builders and lenders.

The National Multi Housing Council represents the apartment industry's largest and most prominent firms. NMHC members are the principal officers of these organizations. NAA is the largest national federation of state and local apartment associations, with 190 affiliates representing nearly 50,000 professionals who own and manage more than six million apartments. NMHC and NAA jointly operate a federal legislative program and provide a unified voice for the private apartment industry.

Before I discuss the housing issues related to Hurricane Katrina, I would like to offer some background on the apartment industry in general. Apartments account for about 14 percent of the entire housing stock, and approximately 16 million American households live in apartments. These households represent the full spectrum of America's population; they are young and old, single and married, wealthy and poor. Rental housing is an important economic driver in the American economy. Apartment revenues total almost \$120 billion annually, and apartment management is responsible for approximately 500,000 jobs. More than 200,000 new apartment homes have been built each year for the past three years at an average value of \$23 billion annually. New apartment construction provides jobs to more than 220,000 workers. Apartments are owned by a wide range of investors, including individuals, partnerships, real estate investment trusts, publicly-traded corporations and nonprofit organizations. They are financed by an array of lenders including commercial banks, thrift institutions, life insurance companies and government-sponsored enterprises. A growing share of the financing comes from publicly traded mortgage-backed securities.

We commend you, Chairman Ney, for your leadership, and we thank the Members of the Subcommittee for your valuable work addressing the important issue of housing in the aftermath of the 2005 Gulf Coast hurricanes. In particular we would like to commend you, Chairman Ney, and Ranking Member Waters for convening the recent Roundtable discussions and public hearings on recovering from Hurricane Katrina, and for coming to New Orleans for this hearing today. We appreciate the dedication of the Subcommittee on this issue.

NATIONAL IMPEDIMENTS TO HOUSING THE EVACUEES

Hurricane Katrina will go down in the record books as the nation's largest and most costly natural disaster ever. According to Red Cross estimates, at least 416,894 housing units across the Gulf region were destroyed, nearly ten times more physical damage than any previous U.S. natural disaster. In addition, 85,000 housing units suffered major damage and 130,000 suffered minor damage. Forty-seven percent of the units destroyed throughout the region were rental units; in New Orleans 55 percent were rental units.

The record-breaking 2005 hurricane season caused the largest mass migration of Americans in the past 150 years, leaving more than one million people homeless.

As our nation struggled to recover from this unprecedented disaster, one of the most pressing needs was to find safe and decent housing for hurricane victims. Moving displaced families from temporary shelters into

more suitable housing is the first step in helping them rebuild their lives. These are extraordinary times that call for the private sector and the federal, state, and local governments to respond accordingly.

In the immediate aftermath of hurricanes Katrina and Rita, the apartment industry stepped up to the plate and took a leadership role in the relief efforts to house the displaced people of Louisiana, Mississippi and Alabama. The response was immediate, creative and generous.

In the early days following Katrina, federal officials reached out to the apartment industry, and the industry responded enthusiastically by submitting thousands of available units into a national database. They also answered FEMA's call for blocks of apartments that the agency could rent directly.

When it became clear that the federal government was not going to quickly offer official guidance or assistance to house the newly homeless evacuees, the apartment industry initiated several programs of its own. In Texas, where the largest number of evacuees were sent, many NMHC and NAA member firms forged relationships with local charities and created programs to award free rental units and other support services to needy families. In all, more than 400 free apartments were donated to the United Way and the Urban League.

Around the country, apartment owners submitted their available units into a national housing registry, www.hurricanehousing.net, complete with offers of waived security deposits, reduced rents, flexible leases and other concessions.

The first few months of the recovery effort were marked by a series of different FEMA assistance programs, nearly constant changes in rules and deadlines and a level of confusion and chaos. Three different government assistance programs were created to help move the evacuees out of shelters and hotels. Some people are eligible for housing assistance through a special Katrina voucher program created by the U.S. Department of Housing and Urban Development (HUD), others can receive housing assistance directly through FEMA's Individuals and Households Program, and still others are being helped by FEMA-funded city voucher programs through the FEMA public assistance programs.

The information provided to both the evacuee and the apartment owners remains inadequate and continues to lead to significant confusion. In many cities, rents promised through the voucher programs remain unpaid. Many evacuees, unaware that their assistance checks could only be used for rent, used the money instead for pressing needs like food, clothing and medicine. Even now, nearly five months after the hurricane, tens of thousands remain in hotels because their applications for aid have not been processed. We look forward to working with the Administration, Congress, FEMA and HUD to resolve current problems and develop solutions for the future.

HOUSING SOLUTIONS FOR NEW ORLEANS

Since we are in New Orleans today, I would like to discuss the housing situation in this great city before and after Hurricane Katrina. The city of New Orleans is down, but definitely not out. New Orleans is a critical link to the economy of the country through its location on the Mississippi River and its rich oil and gas reserves. While New Orleans will undoubtedly survive and thrive, the new New Orleans will be a smaller and different city than the one we knew before August 29th.

Already there are many different ideas about how the city should be redeveloped. The one element everyone agrees on is the need for housing. Hurricane Katrina created the single largest need for housing in the history of our country. The redevelopment of this historical city will be the largest since the period of Reconstruction.

It is estimated that approximately 260,000 residences (both owner-occupied and rentals) in New Orleans were affected by Hurricane Katrina. It appears that 30 to 35 percent of our inventory of 50,000 apartments was critically affected by Hurricane Katrina. It is further apparent that approximately 15 to 20 percent of our

inventory of rental apartments was destroyed by Hurricane Katrina. Some of these homes will not be able to be rebuilt. Those that can be rebuilt will take time.

The area that sustained the largest amount of concentrated destruction is East New Orleans. East New Orleans was developed in the early 1970s and had become predominately a moderate-income apartment market. Its approximately 7,500 rental units rented for an average of 65 cents per square foot. While these rents were sufficient to cover the operating expenses of these older properties, they are not sufficient to cover the cost of new construction, even if the buildings were built to the pre-Katrina standards. Moreover, costs for new construction all over the state will be higher because of higher cost building supplies, insurance, labor, and the costs to meet anticipated changes in the building codes. If a rebuilt New Orleans is going to include apartments, the federal government will have to be generous with incentives in the form of tax credits and grants. Otherwise, new developments will remain financially unviable.

Although other areas of the Metro New Orleans apartment market sustained significant damage, rebuilding of these communities is already well underway. However, this rebuilding effort is constrained by a shortage of land. The land shortage in New Orleans was always been a barrier to apartment construction, and this dilemma continues today. Many of the areas of the city that could be revived quickly unfortunately offer virtually no land for large garden apartment developments.

In other areas where land is available, such as the area north of Lake Pontchartrain in St. Tammany Parish, community resistance to high-density development typically limits new apartment development. These barriers to entry will need to be eliminated if the rebuilding process is going to succeed.

The good news is that there is already overwhelming investor interest in the New Orleans market. Developers have been searching for locations to develop new apartments both in the city and the surrounding parishes. Several high-end downtown condominium developments that were announced prior to Hurricane Katrina are still moving forward, including a downtown development by the Trump Organization. Many investors are also looking for damaged assets that can be quickly acquired, rehabbed and repositioned.

It is also important to note that before the storm, 95 percent of the available apartments in New Orleans were occupied. This means that the city's apartments were virtually full, so even before the storm damaged 20 percent of the housing inventory, there was no surplus housing to help meet the rising demand.

There is an unquestioned need to build more housing in New Orleans and the surrounding area. But meeting this need will require more federal incentives and a streamlined redevelopment process. The rebuilding efforts are complicated by the fact that high demand, a limited supply of land, and rising construction costs will all combine to push the price of the resulting housing higher. If state, city and federal officials are serious about rebuilding the housing in New Orleans, they will need to make federal incentives available.

Fortunately, Congress has already passed, and the President has signed into law, new incentives to redevelop the Gulf Coast. The measure does provide an emergency allocation of Low-Income Housing Tax Credits in 2006, 2007 and 2008 in the Gulf Opportunity (GO) Zone, which includes the counties and parishes in Louisiana, Mississippi and Alabama that were designated as warranting individual or public and individual assistance because of Hurricane Katrina. The emergency allocation is \$18 per capita—more than nine times the current-law allocation of \$1.90 per capita. Finally, the measure increases the size of the credit from 100 percent of qualifying project costs to 130 percent of such costs by designating the GO Zone and the Rita each as a "Difficult Development Area" in 2006, 2007 and 2008.

If Louisiana is going to get the maximum value possible from the tax credit program, it needs to change its past practices of making small allocations and creating new affordable housing on a small scale. During the rebuilding period, it will be necessary to allow more credits per project. This will encourage developments that will meet the large scale need, and it will attract well capitalized developers who can utilize their skills to create more affordable housing.

CONCLUSION

Apartment owners want to do the right thing. They want to get the citizens of New Orleans back to the area they love, as soon as possible. They are ready to accept the business risks and potential costs inherent in solving the housing crisis and redeveloping cities like New Orleans. There is no doubt it will require Herculean efforts on the part of government and the private sector. If it is to succeed, though, policymakers need to help identify land for new apartment construction, maximize the use of federal housing incentives, and remove the barriers to development and unnecessary bureaucratic red tape that delay construction and push costs (and ultimately rents) higher.

I thank you for the opportunity to testify on behalf of the National Multi Housing Council and the National Apartment Association, and wish to offer our assistance to the Subcommittee as you continue your important work.

Pauline Stewart
 Testimony before the House Committee on Financial Services,
 Subcommittee on Housing and Community Opportunity
 January 13, 2006
 New Orleans, Louisiana

Members of the Committee, thank you for this chance to tell you my story, and to tell you what I think needs to be done in order to get people like me into housing.

My name is Pauline Stewart; I am a Katrina evacuee from New Orleans. I lived at 5700 Luis Prima Court, in eastern New Orleans. This was in Orleans Parish, the 9th Ward. I was a homeowner and was working in the hotel industry before Katrina. Three weeks prior to Katrina I took ill and became disabled.

My daughter lived and worked in Metairie, Louisiana. She and I evacuated before the storm. I knew what could happen if we stayed, and I wanted to go. That was Sunday when we left. There was too much traffic heading west of the city, so we couldn't go that way. Because we couldn't go west, we went east. We were in Gulfport, Mississippi on the day of the storm.

It was terrible. The electricity went off, we lost power. We had to leave Gulfport and find a place that had electricity. The moving around was stressful, I was doing inhalation therapy, and my health was getting worse. I went to the hospital to get oxygen. They gave me enough to last overnight, and we drove away from Gulfport, to find a city that had electricity. We ended up in Monroe, Louisiana, the first town where we could find an open hotel. The only hotel we could find there was a terrible one. We stayed one night, and then kept driving the next day. We ended up in Longview, Texas.

By the time we got to Texas, I couldn't walk anymore and my health was very poor. I was very ill for months. I was in ER every weekend of September. I needed help, I needed things – I was begging for a wheelchair, a shower seat, but the Red Cross was not at all helpful. There was no FEMA around; there was only the Red Cross. They were paying for my hotel room. I had to fight to get medication, and all the benefits I needed.

Finally, later in September, I got a check from FEMA for \$2000. FEMA told me I should buy everything – a wheelchair, a shower seat, clothes, food – with the \$2000 they sent me. But I didn't spend that money. I still have it. We didn't know what FEMA was doing, or where we'd get money for tomorrow, so we knew we needed to hold on to everything we could get. In the meantime, my daughter was using her credit cards. She was taking care of everything.

We needed to come back to Louisiana, so that my daughter could go back to work. We managed to get back to Baton Rouge. My daughter knew she could get work in Baton Rouge. We left Longview, drove to Baton Rouge, and got into a hotel there. We're still living in that hotel.

My daughter worked in Baton Rouge for a week, and then her old Meterie office reopened and she went back to work there. She drives 3 hours roundtrip everyday, to go to work in Meterie, and come back to our hotel in Baton Rouge.

In Baton Rouge, I was able to get Katrina Medicaid, and my health stabilized for the month of October.

I got a check from FEMA for \$2358. This money is supposed to be for three months of rent. My daughter and I started looking at homes and apartments. Everything we saw was over \$1000, here in Baton Rouge. We couldn't find anything we could afford, so I called FEMA. FEMA gave us a housing referral number, an 800 number that I should call and get apartment referrals. We utilized that number, and the FEMA people gave us referrals to 5 apartments in Baton Rouge.

These apartment owners, the landlords, wanted me to prove that my monthly income is three and a half to four times my monthly rent costs. But I have no income, because I'm currently unemployed! Unemployed people cannot rent apartments. This may work after hurricanes in Florida, to give people money to rent apartments, but it doesn't work here. People in Florida lost only their homes; they didn't lose their jobs too. They didn't have their entire city floating under water.

Then it occurred to me: Why is FEMA referring me to apartments I cannot qualify for? 99% of the applicants who need these apartments aren't qualified. They are on unemployment, because they lost not only their homes, they lost their jobs. Why is FEMA sending us to apartments we can't rent? Nobody has answered that question for me.

There needs, too, to be more money. \$2358 is not enough in some places for three months of rent. Rents around here have gone up because of supply and demand. You can find apartments for under \$1000 a month. The biggest issue is qualifying for the apartments.

So I called HUD. They informed me that the help they gave was only for people who were on HUD programs prior to Katrina. They said this was a limit on the emergency funding they got from Congress. HUD needs more money so that they can help, by giving people housing vouchers. There is a demand right now for additional low-income housing. FEMA or HUD needs to give people housing vouchers. A landlord will accept a voucher, as long as they know their money is coming from someplace. Whatever they did in Houston worked, that's what they need to be doing in Louisiana.

FEMA's housing program is making it impossible for people to live. It is required that we reapply every three months. What is the purpose of that?

You've got a huge emergency down here, and the FEMA rental program cannot work. And HUD has no money to help. HUD is working from the budget that it had before Katrina, as if there was no disaster. It is my understanding that HUD did not request

disaster funds from Congress. If HUD had more money you would have fewer people in hotels right now. They are the housing people, right? I guess they thought FEMA would be able to handle it. HUD needs more money. This is the main problem.

The other big problem is with trailers. A month ago, someone from FEMA special needs, (they work with disabled people), called me. I told them that, as a last resort, trailers would be an option for daughter and I. I had already called all over to get people to listen and do something to fix the rental program. But nobody wants to hear it; they only want to talk about trailers and mobile homes. They want to talk only about trailers, but they know that they don't have enough trailers for everyone.

I have a request in for a travel trailer or a mobile home. They want to use mobile homes for bigger families, so I have to agree to a travel trailer. At some point in time, they tell me they will come up with a trailer for me, and it could be as far as Shreveport, the northern part of the state.

My home is in New Orleans, and I'm trying to rebuild it. I can't rebuild my home from Shreveport. I need to be as close to New Orleans as I can get. FEMA can't even tell me when the trailer will be ready – they say they have no idea.

Because they know they don't have enough trailers, FEMA has implemented a new hotel authorization program. I need to call FEMA and get authorization to stay in the hotel for another week. This is very stressful. I don't like not having control over my life. Having to ask every week to stay in a hotel is too stressful – we don't know when we'll get a travel trailer and if we get one, we will have to go to Shreveport. But my home is in the opposite direction.

My objective is to go home, home to New Orleans. My health is not good. I have to get pulmonary rehabilitation, but I can't start the rehab until I have a stable place to live. The longer it takes for me to get into rehab, the longer it will take for me to get well. This is why I need control over my life. I don't need the unknown of where I'll be living, week to week.

I really need the FEMA rental program to work, but it's non-effective, it doesn't work. That's what I came here to tell you.

I'll be happy to answer any questions you may have.

TESTIMONY OF MTUMISHI ST. JULIEN, CO-CHAIR OF THE HOUSING
SUBCOMMITTEE OF THE BRING NEW ORLEANS BACK COMMISSION

BEFORE THE U.S. HOUSE OF REPRESENTATIVES' SUBCOMMITTEE ON
HOUSING AND COMMUNITY OPPORTUNITY, COMMITTEE ON FINANCIAL
SERVICES

FIELD HEARING AT THE PORT OF NEW ORLEANS
JANUARY 13, 2006

Chairman Ney, Ranking Member, Madam Waters and members of the Committee. We thank you for coming to support our efforts to recover and rebuild from the devastation caused by the failure of our levees and water protection systems. Approximately 215,000 households suffered water damage in Orleans Parish.¹ 75,000 of these residences received less than 2 feet of water, but 140,000 of them suffered 2 feet or more of water for a period of several days to several weeks. The vast majority of these residences stand in limbo today awaiting the determination whether there is available financing, insurance, and adequate environmental safety to justify rebuilding. While these households wait they remain evacuees in temporary housing in cities throughout the country. Many want to come back; some can't come back; all have been condemned to limited choices at this time because the key issues of levee protection, environmental safety, dependable utility service, flood elevation levels, insurance, loan financing and loss mitigation are not resolved.

The Housing Subcommittee of the *Bring Back New Orleans Commission* recently hosted a Mortgage Bankers Summit here in New Orleans to discuss the challenges that the financial services industry will face in trying to provide affordable financial services to the New Orleans market. In attendance were representatives of the large and medium sized mortgage banks, major loan servicers, HUD/FHA, Fannie Mae, Freddie Mac and FEMA. The Summit revealed that the financial services industry is in as much state of doubt and insecurity about investing in the rebuilding process as the thousands of evacuee households. *Attached please find a copy of the formal minutes of the Mortgage Bankers Summit.* It will give you and your staffs a clearer idea of benchmark issues that we must resolve in order to have effective financial services in New Orleans.

While we graciously thank Congress for its efforts to date to provide indispensable resources for our rebuilding process, let me use this opportunity to summarize some of our key policy, loan product and credit enhancement needs.

First, we need immediate housing for essential workers. At this time we have essential public employees on cruise ships, their families remain in temporary

¹ GCR & Associates, Report for the Bring New Orleans Back Commission, www.gcr1.com

housing in other cities. We have businesses that cannot get their valued employees back because of lack of temporary housing. We need help to more effectively match these essential workers with those residences with relatively minor damage, with the more than 1000 residences owned by governmental agencies, and the many units of public housing with relatively minor damage. How can the Federal government help?

- a. Allow FEMA to renovate a residence with relatively minor damage conditioned on receiving a lease from the owner, rather than limiting its temporary housing strategy to FEMA trailers which total costs is estimated at about \$120,000 per trailer;
- b. Create a new set aside or waiver of current priorities in public housing assistance, FEMA housing assistance and HOME/CDBG assistance to prioritize those persons who are returning to New Orleans with jobs;
- c. Authorize FEMA to work with governmental agencies to renovate publicly owned residences, even when these residences are technically owned by a 501 c instrumentality of government.

Secondly, we need help and support for the 'Pioneer' owner, without whom the rest of our population will not come back. Just as we owe the development of this Nation to the pioneer, we in New Orleans will rebuild as the 'pioneer' is able to show the way. There are several things that the pioneer will need. How can the Federal government help?

- a. The pioneer needs more clear and accurate information. Therefore require EPA, FEMA and the Corps of Engineers to provide clear and accurate information based on available data and a time certain for the promulgation of final policies and regulations. EPA environmental quality reports are not understandable and needs interpretation now. FEMA anticipated flood elevation levels need to be made available now, even if not finalized, so the pioneer can determine his/her chances of rebuilding. The Corps of Engineers must clarify what it is doing to enhance levee protection and specify anticipated dates of completion.

- b. The pioneer also needs affordable and streamlined financing products based on pre-Katrina appraised values plus renovation costs. The FHA 203 k renovation loan product needs to be streamlined to reduce the number of draws and inspections, especially when there are too few inspectors and appraisers to handle the massive demand. There is also a need for a 203k-type loan product for the investor so the investor can renovate needed rental units.

- c. The pioneer also needs more creative credit enhancements and subsidy to cover the gaps between eligible lending and construction costs. Congress was most wise in increasing the home improvement limitation from \$20,000 to \$150,000, nevertheless this essentially second mortgage product has no available FHA insurance to make it more marketable in the secondary market.

While FHA provides such insurance for multifamily owners through its 241 program, it provides no such insurance for single family second mortgages.

d. The pioneer desperately needs some solid assurance that their continued investment in renovating their homes will not be lost if, in spite of their heroic efforts, their neighborhood does not come back. We therefore fully support the passage of HR 4100, authored by Congressman Baker, at 100% of pre-Katrina equity values. Such a commitment from this country will give the pioneer the comfort level needed to inspire rapid and tenacious redevelopment of New Orleans.

Thirdly, we need more flexibility in housing tax credits in the Gulf Opportunity Zones to stimulate the renovation of more rental units.

a. Just as Congress recognized the need for more diversity of incomes in the Gulf Opportunity Act of 2005 when it raised the set-aside occupancy requirement to either 20% of the units by individuals at 60% (from the 50% limit) of the area median income and 40% of the units by individuals at 70% (from the 60% limit) of the area median income, so too should Congress adjust the Low-Income Housing Tax Credit occupancy requirements to the same set aside occupancy requirement.

b. The magnitude of the devastation caused by Hurricane Katrina in the Gulf Opportunity Zones demands that all existing buildings should benefit from a waiver of the ten year rule that excludes acquisition costs from eligible basis [IRC Section 42(d)(2)(B)], if the State allocates a portion of the Gulf Opportunity bond amount to such building in order to facilitate the capital investment required to rehab damaged buildings in the Gulf Opportunity Zones.

c. The catastrophic affects of Katrina and Rita demands relief from the recapture, interest and penalties on the accelerated portion of low income housing credits for investors in low income housing projects in the Gulf Opportunity Zones that were destroyed. Perhaps the relief can be provided for some premium investment in another low income project in the Gulf Opportunity Zone.

The Federal involvement in housing is an important historical legacy in this country. When the economy has been weak Congress has taken the lead to stimulate the housing market as an important remedy. It was Congress who thought out of the box in 1934 to create FHA to credit enhance home mortgage financing. It was Congress who solved the home mortgage industry's liquidity challenges by creating Fannie Mae, Freddie Mac and Ginnie Mae. We ask Congress to continue that legacy of creativity and commitment to housing by passing HR 4100, the only instrument offered to date, that will help to make our

people whole for a disaster that was as much a man-made disaster as a natural disaster.

Many of our low income people followed the script. They were told to buy a home, pay that mortgage timely, build equity so you will have something to pass on to your children. Do like the 19th Century immigrants and build wealth through homeownership. Be an example of the 'American Dream'. Well through no fault of their own they lost. We call again on Congressional creativity and determination to *restore the 'American Dream'* to thousands of people in the effected area so the whole world will know that this concept of the 'American Dream' is truly a committed value and not just propaganda.

**Bring New Orleans Back Commission
Housing Subcommittee**

**In cooperation with
Financial Services Roundtable, Louisiana Recovery Authority
Louisiana Housing Finance Agency and
The Finance Authority of New Orleans**

**MINUTES OF
MORTGAGE BANKING SUMMIT
December 5th & 6th, 2005**

*JW Marriott Hotel
614 Canal Street
New Orleans, Louisiana 70130*

MONDAY – DECEMBER 5

Mrs. Kathy LaBorde and Mr. Mtumishi St Julien, co-chairs of the Commission's Housing Committee summarized the purpose and goal of the Mortgage Banking Summit. They called for a more coherent, coordinated, collaborative and focused effort to meet the housing challenges related to New Orleans and Gulf Coast recovery, since the mass and scale of the disaster is beyond the normal mortgage banking products and capacities.

Where the Rubber meets the Road

After a moment of silence for those hundreds of people who died in or from the disaster, a group of local originators gave comment regarding the anticipated challenges they will face in the use of the present mortgage loan products.

The first issue discussed was *affordability* of renovation and home improvement. They noted that New Orleans' population has a very large number of low-income families. The originators cited the dramatic increase in post-Katrina construction costs as well as the increased costs of periodic inspections and administering draws compared to other loan products. They noted the clear industry dilemma between the need to provide increased incentives for originators to work rehab lending more aggressively and the customers' need for more affordable borrowing in the post-Katrina environment.

They opined that while the FHA 203k renovation product was more flexible than the Fannie Mae Homestyle, because of Homestyle's limits the % of rehab costs that can be financed, they thought that 203k could be improved by reducing the number of inspections and draws, since New Orleans will experience inspection capacity issues. A representative from Fannie Mae stated that it is testing a new more flexible product in connection with Neighborhood Housing Services. The originators did not refer to any Freddie Mac renovation product which begs the question whether it has one or whether it needs to market it better among local originators.

The second issue discussed was the issue of the *uncertainty* of the customers in what needs to be done. The uncertainty at this time is caused by a lack of clear and coherent messages about the safety of the environment, the timetable for rebuilding the levees and flood protection walls, and the anticipated increase of the minimum FEMA flood elevation levels. The originators stated that customers are getting insurance settlement checks but don't know whether to use the funds to rehab, demolish, rebuild or just pay-off their loans. The continued uncertainty may cause more people to abandon the idea of rebuilding in New Orleans.

The third issue discussed is the significant pre-Katrina *credit* challenges of the New Orleans population. The originators raised the question whether the flood and FEMA proceeds, or any government loss mitigation program, would be sufficient to offset the credit issues that would limit rehab borrowing. A representative of Freddie Mac stated that they would look at the possibility of using pre-Katrina credit scoring.

The fourth issue raised was the historical fact that New Orleans has always been dominated by renters and the expected credit challenges of the population begs for more *investor* loan products to provide needed financing for renovation and construction of more rental units. A representative of a HUD Section 8 landlord's association reinforced the need for more affordable investor products to get the Section 8 units back in operation for low-income renters. While there was some concern about the limitation on the number of units an individual investor can finance, it was made clear by the attendees that the limitation was a reasonable defense against fraud.

The fifth issue discussed is available *capacity* of the lending industry to handle demand. The issue was posed whether the industry had the capacity to effectively use new types of renovation products that would be developed for the post-Katrina environment. Would there be a sufficient number of rehab/construction counselors to help draw plans & specs, trained originators to make the loans, or inspectors to approve draws. The representative from Neighborhood Housing Services (NHS) stated that it is in the process of increasing its capacity to do pre-rehab counseling and inspections but needed more funding to meet the needs of the local banking industry. Representatives from the smaller institutions noted the value of NHS in provided the needed service but representatives from the larger lending institutions stated that they have developed internal capacity to handle these needs. The question is whether the larger institutions can really handle the anticipated demand alone.

The sixth issue discussed is *appraisal and loan-to-value* issues. The question was posed as "What will the industry do for the pioneer, because the rest of the population will not return if the pioneer can't get financing". The pioneer who has good credit and insurance proceeds may not be able to get sufficient financing to renovate/rebuild because the appraiser has no suitable comparables to justify the needed loan. While it was made clear that true appraisals was necessary to avoid a repeat of the 1970 & 80's S&L collapse, could a creation of risk pools, paid for by the industry and the government, be a solution? Could there be any other sources of gap financing to help the pioneer? There was consensus that this issue should be explored more. Several originators recommended the raising of LTV's to 130% -140% to handle the increased cost of rehab construction compared to anticipated appraised values.

The seventh issue was the concern regarding future availability and cost of casualty *insurance*. The Insurance Commissioner for the State of Louisiana, Mr. Robert Wooley, sent a memo apologizing for not being able to attend because of a previous engagement in Chicago but explained in writing the situation of casualty insurance in Louisiana. He reported only one carrier offering homeowners' coverage for new home purchases. He noted that the major carriers are not writing coverage at this time. Could the insurance industry put a halt to lending in the disaster areas?

One idea presented by meeting participants to ensure affordability of insurance for the new homeowner was the financing of the first year's insurance payment in the loan. Another idea was the sale of premium bonds to cover insurance costs. The third was a subsidy to pay part of insurance premiums. The Insurance Commissioner requested that he be kept on the invite list for future meetings.

Restoring the American Dream

The next panel focused on the servicing challenges facing the industry. The participants heard the Katrina evacuation challenges of the local servicer, Standard Mortgage. The challenges included locating staff, emergency data retrieval, contacting customers by marginally functional phone or mail services. Countrywide reported that while 80% of the customers in the affected area were current, only 25% of the 8000 loans were current in New Orleans. US Bank reported that about 40% of its loans in the effected area were delinquent. Countrywide and US Bank stated that their greatest concern is the small number of customers that have called the servicers to date. Representatives from Fannie Mae, Freddie Mac and FHA echoed the same concern.

The servicing representatives from U.S. Bank, Countrywide, Freddie Mac, Fannie Mae and FHA stated that each company had instructed their servicers to extend the forbearance period at least a year. They expressed frustration at the continued press stories about loan deferments expiring on December 1. Each emphasized that the most important message is the servicers will continue to work with each customer to help them "restore the American Dream", if the customer would just call. If there is no call then the servicer can only conclude that the customer may have abandoned the property thus resulting in foreclosure.

The representative of Fannie Mae recommended that the industry host 1-800 phone number to hear from borrowers. This phone service will triage the questions and concerns of the borrowers and then direct them to contact their servicers. The representative from Freddie Mac announced its E-Bus that will travel around the effected areas to counsel, educate and give access to web-based information. The representative of NHS stated that it has increased its capacity to provide counseling to borrowers. It was suggested that the Bring New Orleans Back Commission host a press event to let effected borrowers know that the forbearance period has been extended for those who contact their servicers.

It was also noted that many borrowers are paying-off their loans with insurance proceeds because of the uncertainty of the timeline for redevelopment in New Orleans and the Gulf Coast. They are concerned about minimal city services, the lack of and quality of schools, continued employment, and the safety of the environment.

Bigger than Anything Experienced Before

Our group then joined the Financial Service Roundtable to hear luncheon speakers. Congressman William Jefferson described Congressional action to date and the importance of unifying the state and city strategic plans. He talked about the provisions in the Congressional legislation to expand the bonding capacity of the effected states and the appropriations for levee protection to a true Category 3 level and the funding of planning for a Category 5 level. He summarized the status of bills to increase CDBG grants to states and cities in the effected area and HR 4100 which proposes to establish a federal development corporation to manage redevelopment in Louisiana.

Mr. Mtumishi St. Julien, Executive Director of The Finance Authority of New Orleans and co-chair of the Housing sub-committee of the Mayor's Bring New Orleans Back Commission, called on the entire Mortgage Banking Industry to work aggressively and collaboratively to help bring back the devastated areas because the devastation is too big for industry vendors to act separately. He recalled the creativeness of Congress in thinking out of the box to provide homeownership opportunities by creating FHA in 1934 and the solving of the home mortgage industry's liquidity challenges by creating Fannie Mae, Freddie Mac and Ginnie Mae. He called again for Congressional creativity and determination to restore the American Dream for thousands of people in the effected area so the whole world will know that this concept of the American Dream is truly a committed value and not just propaganda.

DECEMBER 6TH*Building Consensus on Major Issues*

The Mortgage Banking Summit continued the next day after networking with the participants of the Financial Services Roundtable. The discussions were both energetic and poignant. While there developed no silver bullets to resolve the many challenges, the participants did list what they thought were the key issues that needed further discussion, evaluation and action.

1. Can the rehab products offered be reevaluated regarding the limitation on the percentage of rehab costs that can be financed?
2. While appraisers may be reluctant and/or forbidden from deviating from the norm, what type of additional credit enhancements, MIP insurance and/or guarantee risk pools can be established to handle the needs of the pioneer borrowers?
3. Can the mortgage banking industry work with the insurance industry to facilitate a moratorium on credit scoring to set premiums and to lobby to reduce costly class action litigation?
4. Can the first year insurance premiums be financed with the mortgage loans and/or can we identify sources of subsidy for insurance premiums?
5. Can the industry focus on affordable investor loan products to facilitate renovation of rental units?
6. Can FHA amend its 203k product:
 - to expand the maximum completion time to 12 months;

- to inspections and disbursement draws based on % of completion rather than monthly;
 - to include investor properties.
7. Can the 15% restriction on rehab be removed from the FHA Reverse Mortgage product?
 8. Can Fannie Mae amend its Homestyle product to remove the limitation on the amount of rehab costs that can be financed?
 9. Can the industry push EPA to be more specific and clear in communicating the environmental conditions of effected neighborhoods in order to avoid the possibility of Phase I and/or II Environmental analyses as a precondition to lending?
 10. What strategies can be developed to increase the available number of rehab inspectors and rehab counselors?
 11. How can we get the industry to invest in more customer counseling centers and/or organizations to help borrowers avoid the pitfalls of predatory lending practices and unscrupulous contractors?
 12. What kind of products and/or processes could be implemented to free local originators from recourse on originated loans?
 13. What strategies can the industry use to encourage more loss mitigation programs by Congress to not only reduce the loss of homeowners and residential investors caused by Katrina/Rita but to help increase affordable mortgage lending products and services within acceptable safety and soundness requirements?

PROPOSED FOLLOW-UP

- Conference call with FHA to discuss suitable improvements in 203k and reverse mortgage products;
- Meeting with the Louisiana Insurance Commissioner to determine status, availability and costs of casualty insurance in Louisiana;
- Creative thinking on the creation of pioneer loans that will cover gaps in appraisal to rehab costs;
- Establishing more customer counseling and technical assistance centers;
- Press event to announce extended forbearances for those who contact their servicers;
- Helping Congress provide loss mitigation programs.

Special thanks to JP Morgan Chase, Freddie Mac and Fannie Mae for their financial contributions to make this Summit a reality.

181

STATEMENT OF

SCOTT WELLS

FEDERAL COORDINATING OFFICER

FEDERAL EMERGENCY MANAGEMENT AGENCY

DEPARTMENT OF HOMELAND SECURITY

BEFORE THE

HOUSING AND COMMUNITY OPPORTUNITY SUBCOMMITTEE

FINANCIAL SERVICES COMMITTEE

U.S. HOUSE OF REPRESENTATIVES

JANUARY 13, 2006

GOOD AFTERNOON CHAIRMAN NEY, RANKING MEMBER WATERS, AND
SUBCOMMITTEE MEMBERS.

I AM SCOTT WELLS, FEMA'S FEDERAL COORDINATING OFFICER IN LOUISIANA
FOR HURRICANES KATRINA AND RITA. THANK YOU FOR THE OPPORTUNITY OF
APPEARING BEFORE THIS SUBCOMMITTEE TO DISCUSS OUR SHELTERING AND
HOUSING EFFORTS ON BEHALF OF HURRICANE VICTIMS IN LOUISIANA. WE AT
THE DEPARTMENT OF HOMELAND SECURITY AND FEMA APPRECIATE YOUR
INTEREST IN THE UNPRECEDENTED HOUSING CHALLENGES THAT HAVE ARISEN
SINCE LAST AUGUST AND WE ARE GRATEFUL FOR THE RESOURCES CONGRESS
HAS PROVIDED TO HELP US TRY TO MEET THOSE CHALLENGES.

WE ARE FULLY COMMITTED TO PROVIDING EVERY LOUISIANA APPLICANT
WITH THE ASSISTANCE FOR WHICH THEY ARE ELIGIBLE. AN ENORMOUS AND
DEDICATED TEAM OF FEDERAL, STATE AND LOCAL ENTITIES HAS BEEN
WORKING LONG HOURS TO ENSURE THAT THIS GOAL IS ACHIEVED. WHEN
PEOPLE HAVE A DWELLING WHERE THEY CAN STAY FOR A STABLE PERIOD OF
TIME, THEY CAN BEGIN TO MAKE CONCRETE PLANS TO PUT THE REST OF THEIR
LIVES BACK TOGETHER. THEREFORE, OUR TOP THREE PRIORITIES ARE
HOUSING, HOUSING AND HOUSING.

A MONTH AGO, ACTING RECOVERY DIRECTOR GARRATT'S TESTIMONY TO THIS
COMMITTEE OUTLINED THE AVAILABLE HOUSING ASSISTANCE PROGRAMS

UNDER THE ROBERT T. STAFFORD DISASTER RELIEF AND EMERGENCY ASSISTANCE ACT. TODAY I WOULD LIKE TO GIVE YOU AN UPDATE ON THE STATUS OF THOSE PROGRAMS IN LOUISIANA.

FOR MANY, THE FIRST HOUSING OPTION WAS IN AN EMERGENCY SHELTER. IN THE EARLY DAYS AFTER KATRINA MADE LANDFALL, THE PEAK POPULATION IN LOUISIANA'S 563 AMERICAN RED CROSS OR STATE EMERGENCY SHELTERS WAS 146,292. THERE WERE ALSO TEN SPECIAL NEEDS SHELTERS THAT HOUSED 2,480 PERSONS. CURRENTLY, THE POPULATION (82 PERSONS) IN TRANSIENT SHELTERS HAS DROPPED BELOW PRE-KATRINA LEVELS. THESE REMAINING SHELTEREES ARE INELIGIBLE FOR OTHER PROGRAMS OR HAVE REFUSED OTHER HOUSING OPTIONS SUCH AS TRAVEL TRAILERS.

WE HAD TO TAKE SOME UNCONVENTIONAL MEASURES TO ADDRESS THE NEEDS OF THE LARGE SHELTER POPULATION. FIRST, WE SENT 133 FEMA/CONTRACT STAFF FOR A HOUSE-CALL OPERATION THAT COMPLETED OVER 7,000 FACE-TO-FACE REGISTRATIONS AT SHELTERS AND IN AREAS WHERE INDIVIDUALS AND FAMILIES DID NOT HAVE EASY ACCESS TO THE INTERNET OR PHONE LINES. SECOND, NEARLY 100 FIELD STAFF HAVE BEEN INVOLVED IN EFFORTS TO HELP PEOPLE IDENTIFY HOUSING SOLUTIONS MORE SUITABLE THAN TEMPORARY EMERGENCY SHELTERS. GENERAL POPULATION AND SPECIAL NEEDS SHELTER OCCUPANTS WERE THE FIRST PRIORITY FOR PLACEMENT INTO AVAILABLE HOUSING, INCLUDING FEMA MOBILE HOMES

AND TRAVEL TRAILERS. OTHER FEDERAL AGENCIES PROVIDING RESOURCES INCLUDE HUD AND USDA RURAL DEVELOPMENT.

FEMA HAS ALSO BEEN USING HOTELS TO SERVE AS TEMPORARY EMERGENCY LODGING, UTILIZING 85,000 ROOMS NATIONWIDE AT ITS PEAK. AT THIS POINT, THERE ARE 9,946 HOTEL ROOMS IN LOUISIANA IN USE BY EVACUEES. MORE THAN 190 FEMA COMMUNITY RELATIONS STAFF ARE ON OUR HOTEL POPULATION OUTREACH GROUP, CONTACTING EVACUEES AND HELPING THEM FIND MORE STABLE ENVIRONMENTS.

TO HELP MOVE THOSE REMAINING PEOPLE IN HOTELS/MOTELS TO MORE APPROPRIATE HOUSING, FEMA BEGAN AN AUTHORIZATION CODE PROGRAM ON JANUARY 10. THIS ESTABLISHES A SYSTEM FOR AN ORDERLY TRANSITION OF THE EMERGENCY SHELTER PROGRAM TO LONGER-TERM HOUSING OPTIONS. THE PROGRAM REQUIRES THOSE IN FEMA-PAID HOTEL ROOMS TO CONTACT FEMA BY JANUARY 30 FOR A UNIQUE CODE NUMBER TO AUTHORIZE FEMA PAYMENTS FOR THEIR HOTEL ROOM. THOSE WHO DO NOT CONTACT FEMA FOR THE AUTHORIZATION CODE WILL FORFEIT FEMA HOTEL PAYMENT AS OF FEBRUARY 7. WHEN EVACUEES CALL TO OBTAIN THE CODE FEMA WILL TELL THEM HOW LONG THEIR HOTEL BILL WILL BE PAID. HOUSING RESOURCES ARE AVAILABLE THROUGH LOCAL HOUSING AUTHORITIES AND REALTORS, COMMUNITY BULLETIN BOARDS, A TOLL-FREE FEMA NUMBER AND ON THE INTERNET.

FEMA ALSO ESTABLISHED A RELOCATION PROGRAM FOR EVACUEES TO RELIEVE THE BURDEN ON DISPLACED SURVIVORS. THIS IS THE FIRST TIME THAT FEMA HAS PAID FOR THE TRANSPORTATION EXPENSES OF INDIVIDUALS TO RELOCATE OUT OF STATE TO FIND TEMPORARY HOUSING OR REUNITE WITH FAMILY MEMBERS SHELTERED IN ANOTHER STATE. NEARLY 10,000 HOUSEHOLDS HAVE USED THIS ASSISTANCE. THIS PROGRAM RAN THROUGH DECEMBER 31, 2005.

THE FEMA PROGRAM TO ASSIST FAMILIES AND INDIVIDUALS, AUTHORIZED UNDER SECTION 408 OF THE STAFFORD ACT, PROVIDES RENTAL ASSISTANCE, HOME REPAIR ASSISTANCE, HOME REPLACEMENT ASSISTANCE, DIRECT HOUSING AND OTHER NEEDS ASSISTANCE TO MEET NECESSARY EXPENSES AND SERIOUS NEEDS OF ELIGIBLE DISASTER VICTIMS. THIS PROGRAM PROVIDES A SAFETY NET. IT DOES NOT, AND WAS NOT, DESIGNED TO MAKE PEOPLE WHOLE AGAIN.

IN LOUISIANA, MORE THAN 833,550 VICTIMS OF HURRICANES KATRINA AND RITA ARE ELIGIBLE FOR HOUSING ASSISTANCE AND 226,413 ARE BEING CONSIDERED FOR OTHER NEEDS ASSISTANCE. TO DATE, FEMA HAS PROVIDED \$4.088 BILLION IN ASSISTANCE TO HELP LOUISIANA RESIDENTS GET BACK ON THEIR FEET. WE PROJECT THE TOTAL WILL CONTINUE TO GROW.

HOUSING ASSISTANCE IS TRIGGERED THROUGH OUR APPLICATION SYSTEM. REGISTRATION IS ACCESSIBLE ON-LINE OR THROUGH A TOLL-FREE NUMBER, 24 HOURS A DAY, SEVEN DAYS A WEEK. FEMA TOOK MORE REGISTRATIONS IN THE FIRST THREE MONTHS AFTER KATRINA AND RITA THAN THE TOTAL REGISTRATIONS IN THE LAST THREE YEARS – INCLUDING THE MULTIPLE FLORIDA HURRICANES IN 2004. THE CURRENT NUMBER OF LOUISIANA REGISTRATIONS FOR KATRINA/RITA IS MORE THAN 1.4 MILLION. WE PROJECT A TOTAL OF 1.5 MILLION APPLICATIONS IN LOUISIANA FOR THESE TWO HURRICANES.

RENTAL ASSISTANCE. FEMA MAY PROVIDE RENTAL ASSISTANCE FOR THOSE WHOSE HOMES ARE UNINHABITABLE AND WHOSE RENT IS NOT COVERED BY INSURANCE. MORE THAN \$1.2 BILLION HAS BEEN DISTRIBUTED IN RENTAL ASSISTANCE FOR LOUISIANA FOR 554,581 VICTIMS OF HURRICANES KATRINA AND RITA AND THE NUMBER CONTINUES TO CLIMB. RENTAL AND HOUSING ASSISTANCE MAY ALSO BE PROVIDED BY FEMA FOR THOSE EVACUEES WHO ARE LEAVING HOTELS IN FEBRUARY.

IN ORDER TO BE ACCOUNTABLE FOR FEDERAL FUNDING, INSPECTIONS ARE REQUIRED TO VERIFY PROPERTY DAMAGE. WE HAD MANY CHALLENGES TO QUICKLY GET MONEY INTO VICTIMS' HANDS AND CONSEQUENTLY HAVE HAD TO DO THINGS DIFFERENTLY. THE CHALLENGES INCLUDED RESTRICTED ACCESS TO MANY AREAS FOR LENGTHY PERIODS OF TIME, AN INABILITY TO

SEND INSPECTION DATA ELECTRONICALLY DUE TO DAMAGED INFRASTRUCTURE, AND AN INABILITY TO CONTACT APPLICANTS FOR REQUIRED SIGNATURES AND DOCUMENTS. IN THE FACE OF THESE CHALLENGES, FEMA MADE USE OF GEOSPATIAL TECHNOLOGY TO PERFORM OVER 41,000 INSPECTIONS IN THE FIVE HARDEST-HIT PARISHES. THESE HOUSEHOLDS WERE INSPECTED USING GEOSPATIAL DATA IN ORDER TO PROVIDE ASSISTANCE IN A MORE EXPEDITIOUS MANNER. IN THOSE AREAS OF CATASTROPHIC DAMAGE, THE APPLICANT WAS NOT REQUIRED TO BE PHYSICALLY PRESENT FOR AN INSPECTION.

HOME REPAIR ASSISTANCE. FEMA IS AUTHORIZED TO PAY UP TO \$5,200 IN HOME REPAIR ASSISTANCE TO ELIGIBLE VICTIMS OF THE HURRICANES AND QUALIFIED APPLICANTS MAY RECEIVE ADDITIONAL REPAIR FUNDS BY MEANS OF A SMALL BUSINESS ADMINISTRATION DISASTER LOAN. THE IDEAL SITUATION IS FOR PEOPLE TO REMAIN IN THEIR HOMES, IF AT ALL POSSIBLE. THIS IS A VIABLE OPTION FOR 71,180 HOUSEHOLDS IN LOUISIANA, AND FEMA HAS PAID \$162,707,196 FOR THIS TYPE OF ASSISTANCE, TO DATE.

HOME REPLACEMENT ASSISTANCE. FEMA MAY PAY UP TO \$10,500 TOWARD HOME REPLACEMENT TO ELIGIBLE VICTIMS. SO FAR, PAYMENTS TOTALING MORE THAN \$212 MILLION HAVE BEEN MADE TO 20,336 LOUISIANA FAMILIES FOR HOME REPLACEMENT.

DIRECT HOUSING ASSISTANCE. FOR UP TO 18 MONTHS FROM THE DATE OF DECLARATION, FEMA CAN PROVIDE DIRECT LEASES FOR APARTMENTS OR PROCURE MANUFACTURED HOUSING IN THE IMPACTED STATES WHERE EXISTING HOUSING IS UNINHABITABLE. A QUARTER OF THOSE REQUESTS ARE COMPLETED, PRIMARILY FOR MANUFACTURED HOUSING AND THE TOTAL NUMBER OF FEMA DIRECT HOUSING RESOURCES IS EXPECTED TO BE ABOUT 88,000. TO DATE, FEMA HAS ALSO PROVIDED 2,248 HOUSING UNITS TO SUPPORT PRIVATE INDUSTRY EFFORTS TO GET ESSENTIAL EMPLOYEES BACK TO WORK IN THE MOST DEVASTATED AREAS. FEMA IS WORKING WITH NEW ORLEANS ECONOMIC DEVELOPMENT AND APARTMENT ASSOCIATIONS, HUD, VA, AND GSA TO IDENTIFY ADDITIONAL HOUSING RESOURCES FOR APPLICANTS.

CRUISE SHIPS WERE ALSO USED TO PROVIDE CRITICAL HOUSING IN LOUISIANA WHERE NO OTHER RESOURCES EXISTED. AT THIS POINT, THE REMAINING SHIPS ARE AT 97 PERCENT OCCUPANCY. THIS PROGRAM WILL END ON MARCH 1, 2006.

SPECIAL NEEDS. THE 2000 CENSUS SHOWED THAT MORE THAN 21 PERCENT OF THE NEW ORLEANS POPULATION SELF-REPORTED AS BEING DISABLED. AFTER HURRICANES KATRINA AND RITA, 1,460 CASES REQUIRED ADDITIONAL PLACEMENT ASSISTANCE BY FEMA AND DHS. DHS IDENTIFIED OTHER RESOURCES TO MEET THE NEEDS OF THESE APPLICANTS, AND FEMA STAFF IS PARTNERING WITH LOCAL, STATE, FEDERAL, AND VOLUNTARY AGENCIES TO

IDENTIFY ORGANIZATIONS TO ASSIST THOSE APPLICANTS WITH THEIR CRITICAL AND IMMEDIATE NEEDS.

DISASTER RECOVERY CENTERS ARE FEDERAL/STATE FACILITIES THAT GIVE HURRICANE VICTIMS AN OPPORTUNITY TO DISCUSS THEIR SPECIFIC NEEDS FACE-TO-FACE WITH PROGRAM REPRESENTATIVES. AFTER KATRINA AND RITA, 56 FIXED-SITE AND 12 MOBILE RECOVERY CENTERS OPERATED THROUGHOUT THE STATE OF LOUISIANA. MORE THAN 524,010 APPLICANT VISITS HAVE BEEN LOGGED THUS FAR. MORE THAN 700 STAFF – INCLUDING LOCAL HIRES, FIREFIGHTERS, AND CONTRACTORS – MANNED THE RECOVERY CENTERS. INDIVIDUAL ASSISTANCE STAFF PROVIDED TRAINING TO OVER 1,100 PERSONS TO SUPPORT RECOVERY CENTER AND APPLICANT SERVICES OPERATIONS. MORE THAN 40 RECOVERY CENTERS ARE STILL OPEN IN LOUISIANA.

WE ARE STILL BUSY. TYPICALLY, AN APPLICATION PERIOD IS CLOSED 60 DAYS FOLLOWING THE DATE OF THE DISASTER DECLARATION. AT 137 DAYS INTO THE DISASTER, WE CONTINUE TO RECEIVE 300 NEW REGISTRATIONS PER DAY.

WE STILL FACE MULTIPLE CHALLENGES IN FINDING SUITABLE HOUSING FOR MANY DISPLACED FAMILIES IN LOUISIANA. WE CONTINUE TO WORK WITH STATE AND LOCAL PARTNERS, FEDERAL AGENCIES, AND VOLUNTARY ORGANIZATIONS TO FIND WAYS TO RETURN LOUISIANA RESIDENTS TO AN

INCREASING SENSE OF NORMALCY AFTER THE HORRENDOUS DESTRUCTION OF
HURRICANE KATRINA AND HURRICANE RITA.

WE HAVE NEVER FACED A DISASTER OF THIS MAGNITUDE WITH SUCH
WIDESPREAD CONSEQUENCES, YET WE WILL CONTINUE TO SOLDIER ON UNTIL
ALL VICTIMS HAVE RECEIVED ALL THE ASSISTANCE THAT WE CAN GIVE THEM
UNDER THE LAW.

THANK YOU. I AM HAPPY TO ANSWER ANY QUESTIONS YOU MAY HAVE.



Louisiana Commission on HIV/AIDS and Hepatitis C



c/o HIV/AIDS Program • 234 Loyola Avenue, 5th Floor • New Orleans, LA 70112
504-568-7474 • 504-568-7044 (FAX)

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A CALL TO ACTION

BE IT RESOLVED on this 9th day of November in 2005, the Louisiana Commission on HIV/AIDS and Hepatitis C hereby adopts and unanimously supports this "Call to Action":

In the aftermath of Hurricane Katrina, the citizens of Louisiana face countless challenges in recovering from this catastrophic natural disaster. Approximately half of the individuals living with HIV/AIDS in Louisiana pre-Katrina were residents of the most heavily affected areas that include Orleans, Jefferson, St. Bernard and Plaquemines Parishes. For these 7,000+ individuals it is crucial to assure that adequate and appropriate HIV primary care, medications, and support services are available locally and in communities outside the affected areas where evacuees seek care and services. It is also important that actions are taken now to better prepare us to respond to future emergencies.

Therefore, in light of the unprecedented nature of this disaster and the overwhelming tasks associated with recovery and rebuilding, the undersigned call upon the United States Congress to take immediate and, likewise, unprecedented action in support of the following items that seek to secure and protect basic services for individuals living with HIV/AIDS.

- Include rebuilding of HIV/AIDS care and service infrastructure in rebuilding plans and funding for Louisiana and the Gulf States.
- Extend Medicaid to Hurricane Katrina survivors (100% FPL for adults and 200% FPL for pregnant women and children), with 100% federal funding match, by passing the Emergency Health Care Relief Act of 2005 (S 1716).
- Require HRSA to maintain current Ryan White CARE Act funding levels, at a minimum, for grantees impacted by Hurricane Katrina – until they have the capacity to accurately measure the impact of the disaster on their programs and populations.
- Grant a waiver of Louisiana's required match for its Ryan White CARE Act Title II program.
- Give HRSA the authority to reprogram unspent Ryan White CARE Act Title I and Title II funds to states, localities and AIDS Service Organizations serving Katrina survivors. (Approximately \$17 million in Title I and \$95 million in Title II is unobligated, and only Congress can redirect these funds for use by providers serving Katrina survivors.)
- Provide, as needed, supplemental funding for Ryan White CARE Act Title III and IV to be distributed to grantees serving large numbers of Katrina survivors.
- Waive the requirements for reporting, administrative caps, conditions of award, and competitive and non-competitive applications for Ryan White grantees in impacted states.
- Create a fund for emergency infrastructure support for organizations and programs serving individuals with HIV/AIDS.
- Create a Congressional oversight committee to monitor these relief efforts.

BE IT FURTHER RESOLVED that a suitable copy of this "Call to Action" be transmitted to each member of the United States Congress, Louisiana State Legislature, and departmental Secretaries.



national policy and advocacy council on homelessness

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1100 17th Street, NW, Suite 500
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(202) 714-5378

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**Written Statement of the National Policy and Advocacy Council on Homelessness (NPACH)
submitted to the House Financial Services Committee Subcommittee on Housing and Community
Opportunity on "Housing Options in the Aftermath of Hurricanes Katrina and Rita."**

New Orleans, Louisiana

January 13, 2006

The National Policy and Advocacy Council on Homelessness (NPACH) is a national grassroots organization whose primary concern is to ensure that national homelessness policy accurately reflects the needs of local communities. NPACH works to accomplish its mission through education, grassroots organizing, research and technical assistance. NPACH's Southern Regional Office (NPACH-SRO), located in New Orleans, works to coordinate Southern regional efforts with national strategies, and to help provide a direct connection between national advocacy and the experience of local service providers. In the aftermath of Hurricanes Katrina, Rita and Wilma such work is as critical as ever if we are to ensure a just, equitable and humane rebuilding of the Gulf Coast.

We wish to thank the Subcommittee for holding these important hearings in the City of New Orleans, Louisiana and in Gulfport, Mississippi, respectively. As the nation responds to the crisis of Hurricanes Katrina, Rita and Wilma we must remember the hundreds of thousands of people in Florida, Texas, Alabama, Mississippi, and Louisiana who have lost everything and are now hungry, homeless, out of work, and without health care. Already as a nation, we devote inadequate resources to the provision of these most basic needs. To humanely and effectively respond to the crisis, we must significantly increase our efforts to strengthen communities. The unprecedented level of destruction and scope of the tragedy dictates that equal parts relief, rebuilding and development guide our approach.

Moreover, Gulf Coast reconstruction must be governed by and for the people most victimized by the storms and their aftermath. Toward that end, all residents of affected areas should have a right to return to their homes and neighborhoods and contribute to rebuilding as held in the *United Nations Guiding Principles on Internally Displaced Persons*. To protect this right, appropriate state and local authorities should implement an indefinite moratorium on evictions, establish rent control, and ensure mass participation and oversight of any condemnation proceedings. Federal policy, in turn, should be centered on substantially increasing the supply of affordable housing and promoting the interests of publicly assisted households, market-based renters, and homeowners alike.

Housing Needs: Hurricanes Exacerbate Existing Housing Crisis

In the New Orleans area alone, Hurricane Katrina rendered an estimated 250,000 homes "unusable". Prior to Katrina, over 62,700 New Orleans metro area households paid more than 30% of income on housing, 21% of Orleans Parish residents had household incomes of less than \$10,000 per year, and the waiting list for Section 8 and Public Housing assistance in the City of New Orleans exceeded 17,000. The Housing Authority of New Orleans (HANO) reportedly operated 8,322 units of public housing and 9,646 authorized Section 8 vouchers. According to estimates by the National Association of Housing and Redevelopment Officials (NAHRO), throughout the affected region as many as 15,000 families living in public housing and 18,000 receiving housing choice voucher assistance may have been impacted by Katrina. These federally funded resources are indispensable long-term assistance for very low-income families, unavailable from any other source.

Emergency Housing Needs

Katrina Disaster Housing Assistance Program (KDHP) and FEMA programs represent an important but inadequate emergency response to housing needs of displaced federally assisted residents and others. All KDHP recipients should be identified and informed of their rights to return to New Orleans and what assistance and housing will be made available. Any proposed further changes to KDHP (e.g., which could merge it into the voucher program) must be evaluated to ensure that KDHP's major deficiencies are ameliorated. HUD must ensure that if a former resident is now under the KDHP program in another city or under a FEMA temporary housing program in another city, that the family can be released immediately to go back to New Orleans if there is a unit available for them in a program operated by the Housing Authority of New Orleans (HANO).

Congress should address emergency housing needs by:

- Providing an additional \$174 million in HUD McKinney-Vento Homeless Assistance Programs to the Continuums of Care directly impacted by Hurricanes Katrina, Rita and Wilma and an additional \$50 million nationally in order to provide emergency shelter, rental assistance, transitional housing, and services support to people experiencing homelessness. Such funds should supplement current appropriation levels. Service providers and communities receiving McKinney-Vento grants for affected areas must be given program flexibility in order to continue using Federal funds to serve people and rebuild program facilities as effectively as possible;
- Providing expedited maximum housing assistance allowable (\$26,200) under the Robert T. Stafford Relief and Emergency Assistance Act to all people displaced by Hurricanes Katrina and Rita;
- Providing an additional \$200 million to FEMA's Emergency Food and Shelter Program for short term assistance to prevent eviction;
- Protecting existing subsidies for approximately 18,000 displaced voucher holders;
- Appropriating funds for 250,000 new incremental vouchers for previously un-assisted households displaced by the Hurricanes;
- Ensuring vacant land owned by the Housing Authority is made available for use for trailers for former public housing tenants and Section 8 residents;
- Enacting a moratorium on the demolition of any HUD-subsidized housing units;
- Expanding availability of federal surplus property for emergency, transitional and permanent housing. Urge the General Services Administration (GSA) to make federal property quickly available for homeless assistance when there is an approved applicant under Title V of the McKinney-Vento Homeless Assistance Act. Except where there are environmental or other public health or safety issues requiring remediation for the property to be habitable, require the GSA to assign property within 4 weeks of application approval by the Department of Health and Human Services (HHS) under Title V of the McKinney Act and for lease or deeds to be executed within 6 weeks of assignment.

Long-term Housing Needs

Preserving and expanding an adequate supply of affordable housing is key to the rebuilding of New Orleans and the Mississippi Gulf Coast. Without affordable housing, the city of New Orleans' economic engine cannot recover. Low-wage workers and low-income families must have housing before they can return home. Without a home to come back to, a "right to return" is meaningless.

Congress should address long-term housing needs by:

- Protecting existing subsidies for public housing residents by authorizing a \$1.5 billion public housing production program, which allows for acquisition, substantial rehabilitation or new

construction to replace the public housing units lost. Units should be restored in the jurisdictions that have lost them;

- Following an assessment to determine the cost of hurricane-related repairs to public housing units that are salvageable, appropriations to the public housing Capital Fund should be made for distribution to the affected PHAs in order to cover the cost of these repairs;
- Enacting legislation to create a “Gulf South Housing Recovery Fund” targeted toward the production of rental housing and homeownership opportunities to those with incomes at or below the Federal poverty line;
- Appropriating an additional \$1 billion for USDA Section 515 housing, \$250 million for Section 514/516, and increase available funds for Section 521 rent subsidies;
- Conducting rental market analyses for storm-impacted communities in order to quantify the changes in fair market rents. Housing assistance payment levels for KDHAP and Individuals and Households Program (IHP) are based upon HUD’s Fair Market Rents (FMRs), for approximately 500,000 households who were displaced due to Hurricanes Katrina, Rita and Wilma. Under KDHAP and IHP the rental assistance standard is 100 percent of the applicable FMR. HUD’s October 3, 2005 notice on 40th percentile FMRs, stated that the department’s past natural disaster policy has been to allow Housing Authorities in FEMA-designated disaster areas to request exception FMRs of 110 percent of published FMRs, and to allow them to retain use of those FMRs for a two-year period. The notice goes on to state that HUD is aware that the Katrina disaster is “much larger in scope than previous disasters.” Since that time HUD has not announced any changes to FMRs in light of the impacts of the hurricanes on the housing markets in impacted areas and receiving communities.
- State plans for the use of CDBG funds must require participation and collaboration with local governments with a requirement to set aside a majority of the funds to assist low-income residents and a portion of the funds to assist with the housing needs of renters,
- Allowing waivers of caps for use of Project-Based Section 8 Assistance from Section 8 funding allocations

Special Recommendations for the Housing Authority of New Orleans to Help Meet Long-Term Housing Needs

Both the public housing properties owned by the HANO and its Section 8 voucher program represent an extremely valuable resource of affordable housing to help our lower income families return home. The programs operated by nearby housing authorities, HUD-subsidized units operated by private owners, permanent housing units under the HUD McKinney-Vento Homeless Programs, and Low-Income Housing Tax Credit units also provide similar essential resources.

- These resources must be used immediately and to the fullest extent for those families that the housing is intended to serve and additional funds must be made available to assist displaced families who want to return home;
- As properties are rehabilitated or programs revised, the same overall number of units and at similar income levels of families must be assisted. For approval of any mixed-income development that would reduce the number of public housing units available on site, HANO must commit to rebuild simultaneously the remaining number of lost public housing units in the New Orleans area, with identified funding. Public housing residents and voucher participants should have preference in obtaining jobs for any rebuilding and rehabilitation work;
- Funds obtained from Congress and HUD to rebuild public housing and to pay for local vouchers must be targeted to assist the lowest income families.
- Tenants and others eligible for these assisted housing resources should have a guaranteed role in the decision-making concerning HANO programs, including rehabilitation, revitalization or rebuilding plans, so that these programs provide for a true range of housing and neighborhood choices

Recommendations regarding identification of and communication with displaced public housing residents and Section 8 voucher holders.

- HANO and HUD should make every effort to identify all displaced public housing and Section 8 voucher residents, whether or not the resident is getting housing aid under the special Katrina Disaster Housing Assistance Program
- HANO and HUD should make every effort to communicate at least monthly with all current and former public housing and voucher residents. The communication should inform families of all efforts to make available public housing and housing for voucher families in the greater New Orleans area. When applicable, the communication should provide an opportunity for comments from the families regarding policies that HANO is seeking to adopt or enforce.
- HANO should establish and publicize an ombudsperson office to receive questions and resolve housing assistance problems experienced by displaced.
- HUD and HANO should request FEMA, other Housing Authorities, and social service agencies currently serving large numbers of displaced HANO residents to make the weekly updates available to these residents
- HUD or HANO should create a list of all former HANO public housing tenants and voucher participants using resident characteristics reports and other data and update this contact information through FEMA and other sources. These tenants should receive updated information about available units or benefits.
- The list of available public housing units should focus first on those units most likely to be immediately reoccupied
- HANO should notify those tenants on existing waiting lists and allow former tenants to join the waiting list to reoccupy units.
- HANO should establish an easily accessible mechanism (web and 1-800 access) that displaced HANO families can use to determine their status with HANO, to update their contact information, and to determine their available housing options

Recommendations for Re-occupancy

- HUD should immediately establish the right of every former HANO-assisted public housing or voucher resident to return to New Orleans to a unit that is affordable, and inform every displaced HANO-assisted tenant of this right
- HANO must preserve the list of its public housing residents, voucher participants, and its waiting list for at least 3 years due to the severity of this disaster
- Displaced tenants should be provided with any necessary transportation assistance to enable their return. FEMA has stated that it will provide one-way transportation assistance to help get families home
- HANO should continue to make Section 8 voucher payments to a Section 8 landlord until HANO confirms that unit is not habitable or tenant will not return.
- HANO should determine the physical condition of each voucher unit and post that information and otherwise make that information available to the displaced Section 8 voucher tenant.
- HANO should adjust payment standards and re-determine rent reasonableness for each unit so as to retain current landlords; rent reasonableness should be reevaluated frequently in light of changing market conditions.
- HANO should request HUD to approve payment standards up to 150% of Fair Market Rents to ensure consistency with Post-Katrina market rents.

The level of destruction caused by the 2005 hurricane season was unprecedented in the history of the United States. While helpful legislation has been introduced, including the Congressional Black Caucus (CBC) Hurricane Katrina Recovery, Reclamation, Restoration, Reconstruction and Reunion Act of 2005

(HR 4197), the Louisiana Recovery Corporation Act (HR 4100), and the HIV/AIDS Emergency Hurricane Relief Act (HR 4633), a comprehensive response to the housing situation in the Gulf has not been enacted. The recommendations contained in NPACH's testimony should be included in any housing relief legislation that moves forward. NPACH appreciates the opportunity to submit these comments, and stands ready to assist the committee in the development and implementation of relief and recovery efforts.

Submitted by Mulanen? or Syman

**VICE PRESIDENT
HAS SEEN**

Durkin, Charles P.

From: Patel, Neil S.
Sent: Friday, September 09, 2005 1:49 PM
To: Durkin, Charles P.
Subject: FW: housing update for policy time
Importance: High

C

Scooter: Please see below. The trailer idea is worse than I originally thought. Per the data below, the last batch of the trailers that we are now purchasing will be coming off the production line in approximately 3.5 years.

Thanks,

Neil

From: Fishpaw, Marie K.
Sent: Friday, September 09, 2005 1:41 PM
To: Patel, Neil S.
Subject: housing update for policy time
Importance: High

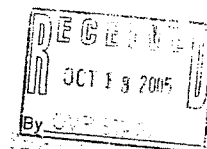
Neil

Steve of Carol's shop just got a FEMA noon update, and the housing issue came up.

FEMA have set up arrangements to order 200,000 units of trailers (and mobile homes) and committed up to \$500 million to do so. They want to get 30,000 units (79% of the existing market) soon. FEMA plans to order another 100,000 units. OMB and OVP staff remain skeptical about this strategy. The nation can produce 6,000 units per month. There is probably some capacity for expansion (possibly by about 10%) to meet increased demand, but we don't know how much. That means most of these units won't be available for use for months. Further, some states, including Louisiana, are balking at the idea of large (25,000 units, as proposed by FEMA) trailer parks. We got all this info from OMB career staff.

Steve and Marie

Marie Fishpaw
Special Assistant to the Vice President
~~XXXXXXXXXX~~



9/9/2005

000582

Submitted

The Times-Picayune

NEW ORLEANS

SECTION

B

Friday,

January 13, 2006

A/B

AND THE METRO AREA

N.Y. benefit supports restoration

'Heart & Soul' event nets \$150,000 for PRC

By Coleman Warner

Staff writer

NEW YORK — New Orleans actor Bryan Batt has been a player on the New York theater scene since the mid-1980s, appearing in nine Broad-

way shows. But the off-Broadway part he played Thursday night at a fund-raiser for post-Katrina building-preservation efforts in New Orleans is sure to count among his most memorable.

Singing the mournful favorite "Do You Know What It Means to Miss New Orleans," the 42-year-old Batt served as an honorary chairman for the New Orleans Preservation Resource Center's "Heart & Soul" event at the Museum of the City of

New York.

More than 400 people from the New York area, along the East Coast and from Louisiana crowded into the history museum and raised \$150,000 for myriad efforts by the PRC to assist homeowners in neighborhoods battered by Hurricane Katrina floodwaters. Batt, who owns a Magazine Street home-furnishings business and divides his time between New Orleans and New York, said he has participated in roughly

two dozen Katrina relief events.

A silent auction of books, art and jewelry was expected to raise even more for the PRC efforts.

"I've kind of made it my mission," he said in an interview from New Orleans, before flying to New York City. "This country has never seen anything like this (devastation) before. You just have to do whatever it is you can do."

See PRC, B-8



Bryan Batt
Actor feels mission to solicit Katrina relief

Disaster evokes sense of empathy

PRC, from B-1

"There's a lot of rebuilding that needs to be done, and it needs to be done correctly," Batt told the crowd Thursday.

Batt suffered modest damage to his Uptown home during the hurricane, but his brother, City Councilman Jay Batt, was hit hard by six feet of floodwater at his Lakewood South home.

New Yorkers understand

The fund-raiser followed a Wednesday evening talk by PRC Executive Director Patty Gay at the same museum about Katrina's toll on historic New Orleans neighborhoods. The event made a play for media exposure in the New York market, and tapped natural sympathy after the World Trade Center attacks of 2001 for a city struggling with disaster, PRC representatives said.

Cultural and social ties between the Big Apple and Big Easy were strengthened when New York received strong support from New Orleans after the 2001 attacks, Bryan Batt said.

"Even though it's a different kind of devastation, they are quite aware, quite sympathetic," he said.

Among those attending were Ken Follett, a history conserva-

tion specialist in New York, and Glenn James, a construction company owner from Maryland. Both are members of the non-profit Preservation Trades Network and plan to assist with a PRC home-restoration project in the Holy Cross neighborhood.

"The men who work with me are coming, as well as tradesmen from over 15 different countries," James said, adding that he is drawn by New Orleans' built environment as well as the culture of its residents. "I stood in New Orleans in the 9th Ward (after Katrina) and I wept aloud before people I never knew."

The terrorist attack at the World Trade Center is fresh in the minds of New Yorkers donating to the PRC, Follett said. "When a city goes down, New Yorkers have empathy," he said, adding, "Then you get into the whole issue of neighborhoods. New York is nothing but neighborhoods."

Coming together

PRC Vice President Janie Blackmon, who was raised in Holy Cross and is among the displaced residents of eastern New Orleans, was moved by the event. "We need all the help we can get," she said over the din of music and conversation. "We've just got to come together, and I think this is beautiful, what's happening here tonight."

Tulane University historian Douglas Brinkley, author Nancy Lemann and magazine editor Grace Kaynor were among other New Orleans preservation advocates staging the museum event, which featured entertainment by the New Orleans Hot Jazz Band.

The festive atmosphere was dampened somewhat by alarm

among preservationists about new recommendations from Mayor Ray Nagin's storm recovery advisory panel that could lead to the demolition of many historic neighborhoods where residents are struggling to summon resources for rebuilding. The PRC has argued strongly that city leaders should do everything they can to protect historic areas where floodwaters didn't undermine the structural integrity of most buildings.

"We in New Orleans need your help in spreading the word about how much we have left in the city and how bad it actually is," Gay said.

Restoration projects

Money raised in New York will be used to provide free cleanup materials to New Orleans residents, to furnish electric generators to homeowner associations in hard-hit areas, to provide mold remediation and redevelopment seminars and to help repair a few houses in historic neighborhoods that are meant to inspire similar efforts by other owners, PRC leaders said. The home-renovation project has been developed in conjunction with the National Trust for Historic Renovation, which was represented at Thursday's event.

The PRC fund-raiser in New York wasn't the group's first pitch for help in other cities. In one appeal published not long after Katrina hit by the Greater Houston Preservation Alliance, Gay reported that many historic enclaves were intact and could be salvaged.

"Cities and towns throughout history have survived severe flooding, ravishing fires, earthquakes and tornadoes and have been rebuilt," Gay said. "We will, too."

PRC Renovations
Faubourg Marengo Historic Neighborhood Initiative
600 Block of General Taylor Street

Before



After



Preservation Resource Center • 923 Tchoupitoulas St. • New Orleans, LA 70130 • (504) 581-7032
www.prcno.org





**No Home for the Holidays:
Report on Housing Discrimination Against
Hurricane Katrina Survivors**



December 20, 2005

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REPORT ON HOUSING DISCRIMINATION AGAINST HURRICANE KATRINA SURVIVORS

EXECUTIVE SUMMARY

The National Fair Housing Alliance (NFHA) is the only national civil rights organization focused solely on eliminating housing discrimination and promoting residential integration. Based in Washington, D.C., NFHA was founded in 1988 and is a consortium of more than 220 private, non-profit fair housing organizations, state and local civil rights agencies, and individuals from throughout the United States. NFHA works to educate the public and the housing industry about their rights and obligations under fair housing laws, and it conducts investigations into discriminatory rental, real estate, mortgage lending and homeowners insurance practices throughout the nation.

In response to concerns of housing discrimination against persons forced to evacuate because of Hurricane Katrina, NFHA conducted an investigation of rental housing practices in five states to determine whether victims of Hurricane Katrina would be treated unfairly based on their race. We conducted tests over the telephone to determine what both African-American and White home seekers were told about unit availability, rent, discounts, and other terms and conditions of apartment leasing. In 66 percent of these tests – 43 of 65 instances – White callers were favored over African-American callers. We also conducted five matched pair tests in which persons visited apartment complexes. In those five tests, Whites were favored over African-Americans three times.

Several of these tests revealed egregious types of discrimination, and NFHA has filed administrative complaints with the United States Department of Housing and Urban Development (HUD) against five apartment complexes. NFHA's first goal in taking this action is to remind both apartment seekers and housing providers that housing discrimination is illegal. NFHA's second goal is to hold accountable the housing providers who have discriminated on the basis of race and national origin.

OVERVIEW OF THE INVESTIGATION

The waters have receded from the Gulf Coast in the aftermath of Hurricane Katrina. The images of those fleeing New Orleans and those left behind during the hurricane reflected a significant and struggling African-American community. The media images provided graphic evidence of the destructive effects of residential segregation in the United States.

Illegal housing discrimination and residential steering based on race created the segregation in New Orleans, the Gulf Coast and most other communities

throughout the United States. In order to ascertain whether or not even those forced to relocate because of the hurricanes would experience discrimination, NFHA conducted testing of rental housing providers in several communities. Although housing discrimination based upon race, color, religion, sex, national origin, disability or familial status is illegal,¹ NFHA's investigation into housing practices following the hurricanes documented violations of the federal Fair Housing Act in several states to which many hurricane victims fled: Alabama, Georgia, Florida, Tennessee and Texas. Out of 65 tests of rental housing providers, African-Americans experienced discrimination in 43, or 66 percent, of the transactions. NFHA will conduct further testing in 2006 to ascertain treatment of displaced people based on national origin, disability and family status.

To counteract these widespread findings of race discrimination against Hurricane Katrina survivors, NFHA has filed complaints alleging violations of the federal Fair Housing Act with the U.S. Department of Housing and Urban Development against five apartment complexes. These are the complexes at which the most egregious instances of differential treatment occurred.

SUMMARY OF FINDINGS

From mid-September through mid-December, 2005, NFHA conducted telephone tests of rental housing providers in seventeen cities in five states, as follows:

Alabama: Birmingham, Mobile, Huntsville and Montgomery
 Florida: Gainesville, Tallahassee and Pensacola
 Georgia: Atlanta, Columbus, Macon and Savannah
 Tennessee: Nashville, Chattanooga and Memphis
 Texas: Houston, Dallas and Waco

NFHA conducted 65 tests in five states, all with two White callers and one African-American caller. In 43 of these tests, White testers were favored over African-American testers. With limited resources and a short time-frame, NFHA was able to conduct five in-person tests at apartment complexes for which we had identified differential treatment on the initial phone test. These in-person tests were matched pair tests with one White tester and one African-American

¹ Title VIII of the Civil Rights Act of 1968 (the Fair Housing Act), as amended by the Fair Housing Amendments Act of 1988, (42 U.S.C. § 3601 et. seq) prohibits discrimination in housing and housing related transactions based on race, color, religion, sex, national origin, disability or familial status. Its legislative history is entwined with the national experience of urban riots and civil unrest, and its passage was expedited in response to the assassination of Dr. Martin Luther King, Jr. and the release of the Kerner Commission Report that concluded that America was "moving toward two societies, one black, one white — separate and unequal." In enacting the Fair Housing Act, Congress' purpose was "to provide, within constitutional limitations, for fair housing throughout the United States." 42 U.S.C. § 3601 (2004). The ultimate purpose of the FHA was to create "truly integrated and balanced living patterns." 114 Cong. Rec. 3422 (1968).

tester. In these site visit tests, differential treatment that favored White testers was detected in three of the five tests, or 60 percent.

Types of Differential Treatment

In many tests, White testers were given truthful information about the availability of units or the terms and conditions for securing an apartment, while that information was withheld from or provided differently to their African-American counterparts. Many types of differential treatment were detected in the tests, but most fell into the following categories:

Failure to tell African-Americans about available apartments. White callers were told that one or more apartments were available while African-American callers were told that nothing was available. For example: in Gainesville, two white callers to one complex were told that two apartments were available, while an African-American caller was told that all apartments were currently taken and that management was only taking names for a waiting list. In Pensacola, two white testers were told that one or more apartments were available, while the African American caller was told there was nothing available.

Failure to return telephone messages left by African Americans. Testers were instructed to leave voice mail messages when no one answered the phone. In several tests, rental agents failed to return messages left by African-American testers. At a complex in Waco, both white testers spoke with an agent and were given information about available apartments. The African-American tester left three phone messages but never received a return phone call. A third White tester who left a message after office hours had her call returned within 12 hours.

Failure to provide information to African-American testers. Managers volunteered more information to White callers about the number of units available, dates of availability, rental price ranges and security deposit requirements. For example, at one apartment complex on the same day, both White callers were given a range of rental prices and unit availability. In contrast, the African-American was told that the computer was down and the agent would have to call her back with rental price information. The agent never called the tester back.

Quoting higher rent prices or security deposits to African-American testers. In many tests in several locations, African-American callers were told the rent or security deposit for a unit would be higher than the rate quoted to White callers for the same or a similar unit. In Birmingham, a White tester was told that a \$150 security deposit and \$25 per adult application fee would be waived for her as a Hurricane Katrina victim. She

was also told that she needed to make 2.5 times the rent to qualify for the apartment. The African-American tester was told that she would have to pay \$150 for the security deposit and a \$25 application fee for each applicant. The African-American hurricane survivor was also told that she would have to make 3 times the rent to qualify for the apartment.

Offering special inducements or discounts to White renters. White testers were provided with a number of discounts or special inducements, while their African-American counterparts were not. For example, in Dallas, both White testers were told that if they rented at a particular complex, they would receive a free 26 inch LCD television. The African-American tester was not told about the free television but was told that she would have to pay a \$500 security deposit plus a \$500 administration fee (non-refundable). One White tester was told that the administration fee was \$400, plus a \$100 refundable security deposit. A second White tester was told that, if she leased within 48 hours, the security deposit would be \$500 with \$100 refundable. The agent offered to fax or overnight an application to the White tester and asked if he should take the apartment off the market for her.

The Ramifications of Housing Discrimination on Katrina Survivors

Under normal market conditions, studies have documented high levels of discrimination against African-Americans, Latinos, and Asian-Americans. Given the devastating images of New Orleans and the Gulf Coast, NFHA is concerned that hurricane survivors face even higher levels of discrimination.

What is happening now in the face of the current crisis? What would be the impact of almost one million displaced households on the housing market nationwide? How many people of color, families with children, single female-headed households, and individuals with disabilities will experience discrimination as they search for new housing in the rental and real estate sales markets? How many renters and homeowners will experience discrimination when filing a claim with their insurance company? How many people will become victims of predatory lenders as they seek to obtain financing to repair or replace their homes? How much worse is the level of discrimination in housing markets inundated with those forced to evacuate the Gulf Coast areas?

There are an estimated 125,000 evacuees still located in hotel rooms paid for by the Federal Emergency Management Agency (FEMA). Of these, approximately 85,000 applications for FEMA rental assistance are as yet undecided.² In addition to evacuees known to be in hotel rooms, an untold number of people are

² Hsu, Spencer S, "FEMA Ordered to Extend Hotel Stays," *The Washington Post*, December 13, 2005, p. A1.

staying with friends and family or living in cars, tents or damaged homes.³ All are in need of housing, and a large number of them are African-American. As this population seeks a more permanent housing solution and contacts any number of housing providers, a sixty-six percent rate of discrimination could translate into hundreds of thousands of acts of discrimination against Katrina survivors. Fair housing must become a component of all housing programs, and FEMA must make particular efforts to ensure the persons it assists do not experience housing discrimination.

One of NFHA's staff members has attempted to contact the Washington, DC, office of FEMA on three occasions in order to ascertain what FEMA's policy is on housing discrimination as it relates to persons evacuated because of the hurricanes. She explained that she was calling on behalf of NFHA and that NFHA had concerns regarding the potential for discrimination by housing providers who might be contacted by displaced persons. The first time she called, she was told by a woman who answered the phone that her call would be returned; it was not. She second time she called, she was asked what fair housing was and was told that she had called the wrong agency. The third time she called, she was told that FEMA doesn't deal with "fringe organizations" and the person with whom she was speaking hung up the phone.

HUD's Office of Fair Housing and Equal Opportunity has a role to play as well. While brochures and media campaigns are underway to alert displaced persons about their fair housing rights, FHEO needs to channel funds directly to private non-profit fair housing agencies to help people combat housing discrimination and to open all neighborhoods to displaced families.

HOUSING DISCRIMINATION IN THE LARGER CONTEXT

Recent research by the United States Department of Housing and Urban Development (Housing Discrimination Study 2000, Phases One, Two, and Three) has documented significant levels of discrimination against African-Americans, Latinos, Native Americans, Asian Americans, and Pacific Islanders.⁴ There is no comparable national data for persons with disabilities, yet this group files the highest number of complaints with HUD each year and a recent small scale study of housing discrimination based on disability documented significant levels of unfair treatment.⁵ Whether or not the discrimination is blatant, done

³ Sanders, Kerry, "Thousands Still Waiting for FEMA Trailers," *NBC Nightly News*, December 10, 2005, available at <http://www.msnbc.msn.com/id/10399646/>.

⁴ *Discrimination in Metropolitan Housing Markets, National Results from Phase 1, Phase 2, and Phase 3 of the Housing Discrimination Study*, Urban Institute 2002-2003) available at <http://www.huduser.org/publications>.

⁵ *Discrimination Against Persons With Disabilities: Barriers at Every Step*, Urban Institute, 2005, available at <http://www.huduser.org/publications>.

with a "we don't want you people here" attitude, or done politely through more subtle differences in treatment, housing discrimination is a fact of life for large numbers of people in our society. A recent study commissioned by NFHA found that race and national origin discrimination in the rental/real estate sales housing market occurs more than an estimated 3.7 million times a year. These results are based on data produced by HUD's Housing Discrimination Study 2000 (HDS 2000).⁶

Studies by social scientists and others echo these findings. A 1995 study by John Yinger found that the cumulative likelihood of experiencing some form of racial discrimination in U.S. rental markets was 53 percent.⁷ The HDS 2000, which NFHA believes significantly undercounted the incidence of housing discrimination, found that whites were favored over African Americans in rental housing transactions 20.6 percent of the time.⁸ A study of the general public found that 14 percent of adults, the equivalent of more than 28 million people, said that they had experienced housing discrimination at some point in their lifetime.⁹

Even as a growing U.S. population becomes more diverse, our communities remain highly racially segregated, and segregation continues to extract a high price in economic and societal terms.

A recent study of 2000 U.S. census data indicates that of 69 metropolitan areas in which African Americans are a dominant minority, 64.8 percent of Whites live in neighborhoods that are exclusively White and 52.3 percent of Blacks live in neighborhoods that are majority Black. That is, in 69 key urban areas, more than two-thirds of Whites live in areas that have less than a 5 percent Black

⁶ Simonson, John, *Report for the National Fair Housing Alliance on the Incidence of Housing Discrimination Based on HDS 2000*, Center for Applied Public Policy at the University of Wisconsin-Platteville. The HDS reported on the probability (using percentages) that discrimination would occur; NFHA's commissioned study reports instead on the number of instances of discrimination.

⁷ Yinger, John, *Closed Doors, Opportunities Lost: The Continuing Costs of Housing Discrimination*. New York: Russell Sage Foundation (1995).

⁸ NFHA believes that the Housing Discrimination Study significantly under counts housing discrimination. For example, this study:

- Excludes many smaller owner-occupied housing units which comprise a significant portion of the rental market;
- Fails to capture housing discrimination that occurs at the preliminary telephone contact stage (an increasingly frequent phenomenon in today's housing markets); and
- Fails to capture discrimination that occurs after an applicant submits an application for housing.

See also: Massey and Lundy, *Use of Black English and Racial Discrimination in Urban Housing Markets: New Methods and Findings*, Population Studies Center, University of Pennsylvania, June, 1998, available at <http://www.ksg.harvard.edu/inequality/Seminar/Papers/Massey.PDF>.

⁹ *How Much Do We Know?*, United States Department of Housing and Urban Development, Office of Policy Research and Development, 2002, available at <http://www.huduser.org/Publications/pdf/hmwk.pdf>

population. In these same communities, more than half of Blacks live in neighborhoods that are more than 50 percent Black.

A similar examination of suburban neighborhoods indicates that these neighborhoods are also likely to be exclusively White: 58 percent of the suburban neighborhoods examined were exclusively White, while only 21 percent of the urban neighborhoods were exclusively White. Only about one-third of the neighborhoods studied were considered to be mixed neighborhoods — those with significant populations of both Blacks and Whites.¹⁰

Douglas Massey, who has conducted extensive research on patterns of racial segregation, has noted that *America's large urban areas remain only slightly less segregated than South Africa during apartheid*. Today, 41 percent of Black Americans live in neighborhoods that are described as hyper-segregated, that is, in all Black high-density neighborhoods near other all-Black neighborhoods. Another 18 percent of African Americans also live in conditions of high segregation.

TESTING APPROACH AND METHODOLOGY

In order to understand and document the experiences of those seeking housing due to displacement by the hurricanes, NFHA conducted telephone tests of housing providers located in states to which we knew many people had fled. NFHA utilized "paired" and "sandwich" testing approaches to measure and document the types of discrimination occurring in these markets. Testing is a widely-accepted methodology that has been utilized for both enforcement and research purposes for decades.¹¹

Fair housing testing is a controlled method for measuring and documenting differences in the quality, quantity and content of information and services offered or given to various home seekers by housing or housing service providers. For example, a paired test for racial discrimination in the rental context might involve sending both an African-American tester and a White tester to an apartment building, in the same general time frame, to inquire about the availability of the same or similar apartments for rent. The two testers are generally matched on their personal and home seeking characteristics so that the only significant difference is their race. A sandwich test is an expansion of a paired test. It involves the same general principles as a paired test, but adds a third tester. The third tester is matched with both the first two testers, differing only in race,

¹⁰ Rawlings, L., Harris, L., and Turner, Margery Austin, "Race and Residence: Prospects for Stable Neighborhood Integration," *Neighborhood Change in Urban America*, Urban Institute, March 2004.

¹¹ The use of fair housing testing evidence has uniformly been accepted by the courts, including the Supreme Court. See e.g. *Havens Realty Corp v. Coleman*, 455 U.S. 363, 373-374 (1982).

national origin or other protected characteristic from one of the first two testers. Sandwich tests are particularly useful in situations in which the availability of a specific apartment or house is in question. For example, a White tester calls to inquire about an apartment and is told that there is a specific apartment available on a particular date. An African-American tester calls to inquire about the same apartment and is told the apartment is no longer available. A second White tester calls to inquire about the same apartment as the first two testers and is told that there is a specific apartment available on a particular date. Testers are generally matched on the type of housing sought, income, employment qualifications and credit standing, with the minority tester usually slightly more qualified than her white counterpart. Testers provide detailed reports and narratives of their contacts with the housing provider. Discrimination in the quality and quantity of information and services provided to testers can be evident in a comparison of the reports.

Almost all housing transactions these days begin with a phone call. Many people never even have an opportunity to see an apartment or house because some housing providers identify persons by race or ethnicity over the phone and refuse to do business with the callers. The methodology used in these tests incorporates this behavior of "linguistic profiling" and utilizes the research of linguistics expert John Baugh.¹² In this specific project, NFHA also utilized a number of testers from the south. Several of the testers are originally from New Orleans and have linguistic characteristics that are both racially and geographically identifiable.

RECOMMENDATIONS

In order to address and combat the high levels of discrimination against African-Americans attempting to find housing in the wake of the hurricanes, NFHA makes the following recommendations.

1. As all Gulf Coast cities and counties rebuild and create housing opportunities, they should make fair housing a basic component of each program. The redevelopment of communities that are integrated in terms of race, national origin, and economic class must be a priority.
2. Local fair housing organizations in Louisiana and Mississippi should receive additional funding from HUD and other entities for their education and enforcement programs.
3. Federal, state and local government officials must strongly and publicly condemn housing discrimination and make fair housing a priority in appropriate program activities.

¹² See e.g. Baugh, John, "Perceptual and Phonetic Experiments on American English Dialect Identification," (with Thomas Purnell and William Idsardi). *Journal of Language and Social Psychology*, Vol. 18 No. 1, pp. 10-30 (1999).

4. FEMA must make fair housing a component of the relief it is offering. Its trailer parks must not perpetuate residential segregation. FEMA is not exempt from federal, state or local fair housing laws.
5. Municipalities that receive Community Development Block Grant funds are required to affirmatively further fair housing. They should utilize a portion of these funds to fund the education and enforcement programs of local fair housing organizations.
6. A fair housing education campaign, specific to victims of Katrina, should be developed and run in print and electronic media outlets. Resources should be allocated to address the needs of those who respond to the campaign.
7. HUD should be actively involved in funding local fair housing efforts and addressing fair housing concerns.
8. The Red Cross, United Way, and other charitable organizations must ensure that their programs are administered without regard to race, religion, national origin, etc. These charities are not exempt from federal and local fair housing laws. The housing placement offered must not perpetuate segregation.
9. HUD should fund a national enforcement testing project to uncover the nature and extent of housing discrimination against people displaced by the recent hurricanes and people rebuilding in the Gulf Coast region and to identify predatory lending and home repair schemes.

CONCLUSION

The aftermath of Hurricane Katrina demonstrated the devastating impact of social, racial and economic segregation on communities of color. The legacy of segregated neighborhoods continues to this day, where neighborhoods are redlined into zones bereft of economic activity, city and government services are nominal, businesses and grocery stores are few, and property values are stagnant. Segregation exacerbates economic disparities between Whites and people of color, reinforces institutionalized racism within the housing industry and entrenches attitudes about where people of certain races and ethnicities should live.

Professor Craig Colten of Louisiana State University attributes New Orleans' segregated communities, and the subsequent disproportionate suffering of impoverished African Americans, to the legacy of racial inequality and its parallel economic class divisions. Because only those with the highest incomes could afford to live in safer, more attractive areas, the neighborhoods with the fewest services were left to those with the least means. The resulting drain on the tax

base left an overall infrastructure weakened and city administrators unable to plan effectively for their citizens.¹³

The destruction wrought by Hurricane Katrina illuminated the hazards of both racial and economic segregation in our communities and the crucial responsibility that the housing industry has in ensuring equal treatment and promoting integrated neighborhoods. Not only do integrated neighborhoods create a more diverse community and reduce the concentration of poverty in a city, they also sustain better schools, more amenities, a healthy infrastructure, a stronger tax base and a broader mix of businesses. Neighborhood integration provides everyone with the opportunity to have multi-cultural and multi-racial associations.

In September, FEMA estimated that 300,000 families were homeless and that 200,000 of them would require government housing as a result of Hurricane Katrina. In addition, surveys of evacuees in Houston indicated that two-thirds did not have available credit or insurance, most family incomes were less than \$20,000 and half had children under 18. Despite housing units being made available in hotels, motels, cruise ships, rental units and military bases, of six hundred manufactured housing sites proposed at the time, only five percent had ready access to water, sewer, power and other essential services.¹⁴

In areas affected by Katrina and throughout the country, it is crucial for federal, state and local agencies to ensure that the federal Fair Housing Act is upheld for all residents in the process of securing safe and decent housing. Additional funding must be made available to promote compliance with fair housing laws and educate consumers about their right to secure housing, homeowners insurance and mortgage loans free from discrimination. It also falls upon the housing and real estate industries to support and advance integration in our neighborhoods so that all citizens can gain equal access to wealth, stability and reliance on our country's social safety net.

Acknowledgements: NFHA is deeply grateful to the testers who participated in this project. While it is impossible to individually name the testers in a public document, this project and its important findings and enforcement actions would not be possible without the professionalism exhibited by individual testers around the country. Testers provided detailed and objective accounts of encounters with housing providers for minimal reimbursement. Many of these testers were from New Orleans and the Gulf Coast area and were themselves displaced by Hurricane Katrina. In the midst of their own personal relocations and rebuilding, their time for this project is profoundly appreciated.

¹³ National Public Radio, *Professor Craig Colten on Race, Poverty and Katrina*, September 2, 2005.

¹⁴ "Housing the Displaced is Rife with Delays," *The Washington Post*, September 23, 2005.

About The National Fair Housing Alliance

The National Fair Housing Alliance is the voice of fair housing. NFHA works to eliminate housing discrimination and to ensure equal housing opportunity for all people through leadership, education, outreach, membership services, public policy initiatives, advocacy and enforcement.

Through these programs, NFHA provides equal access to apartments, houses, mortgage loans and homeowners insurance policies for millions of people across the United States and in all neighborhoods throughout the nation.